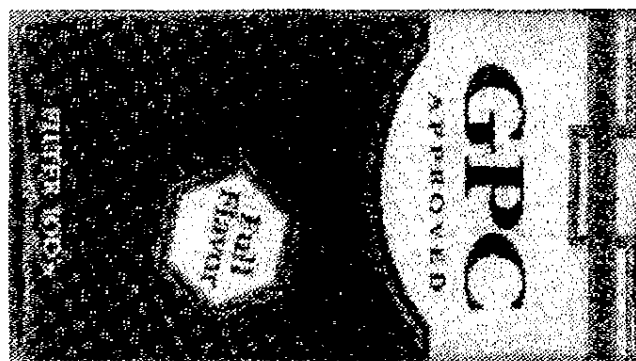


2040427442

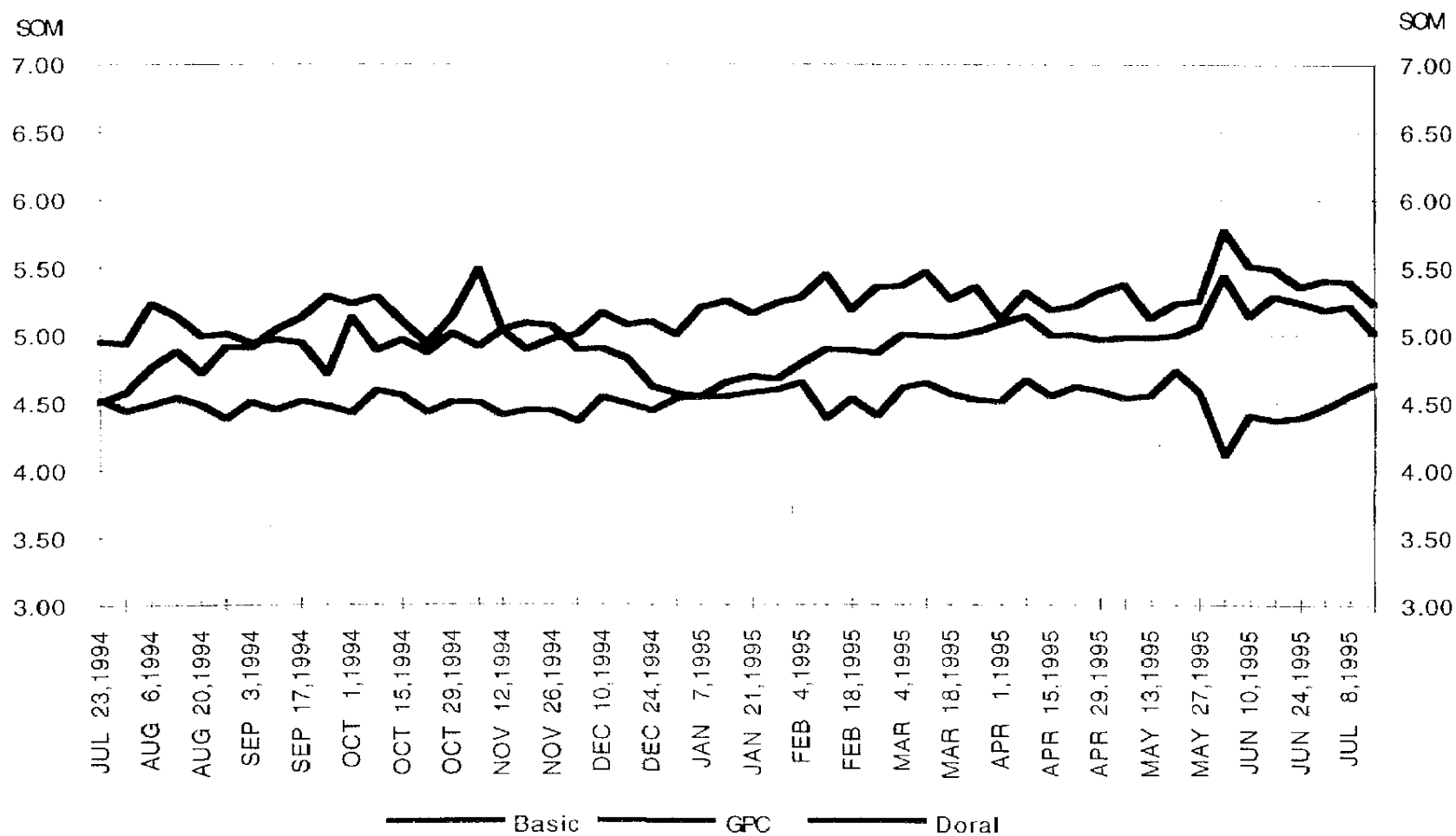
WHY



?

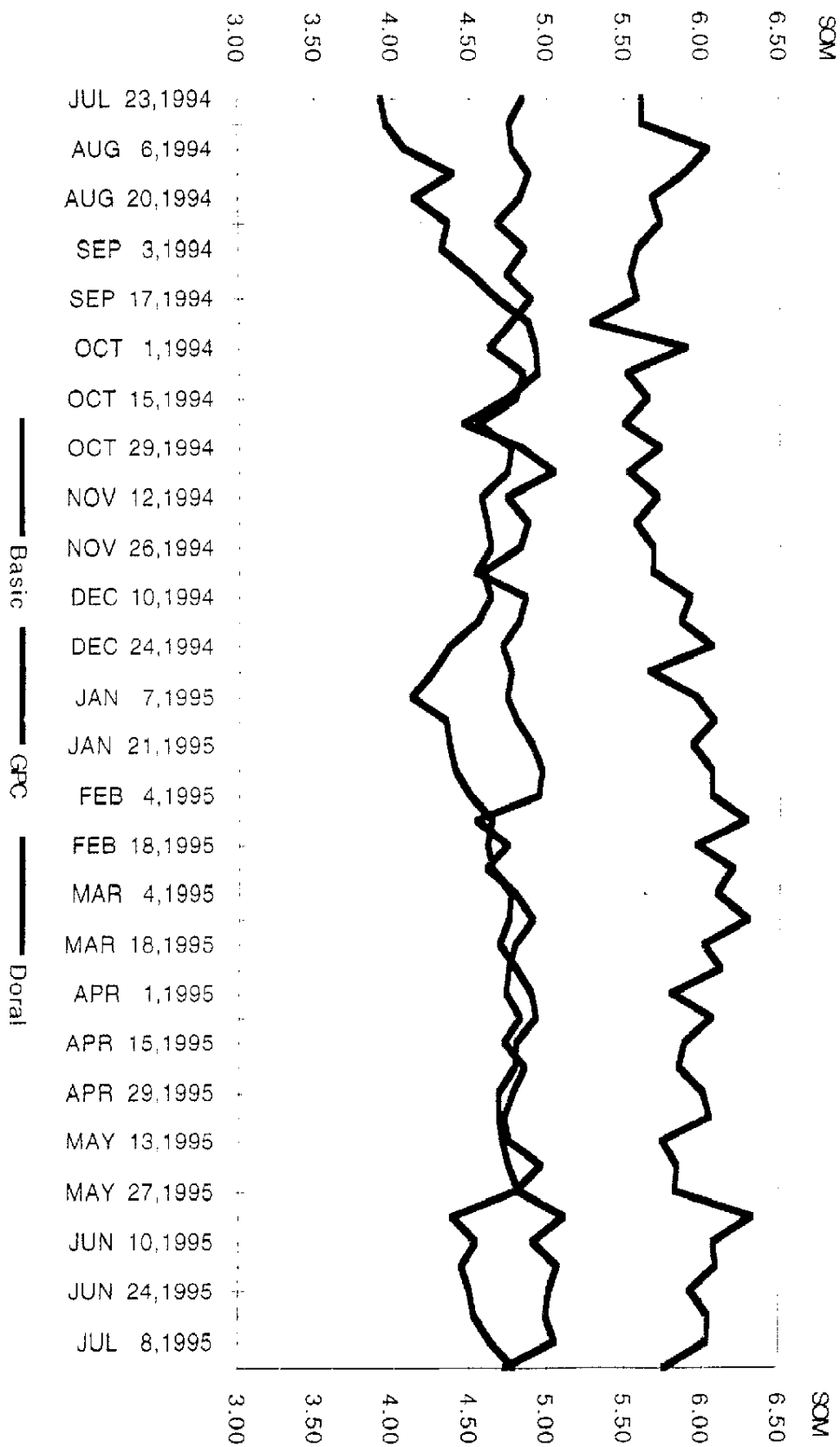
AUGUST, 1995

Major Discount Brand Share of Market - Total US



Source: Nielsen Integrated - Weekly (1WM)

Major Discount Brand Share of Market - Total C-Stores



Source: Nielsen Integrated - Weekly (1WM)

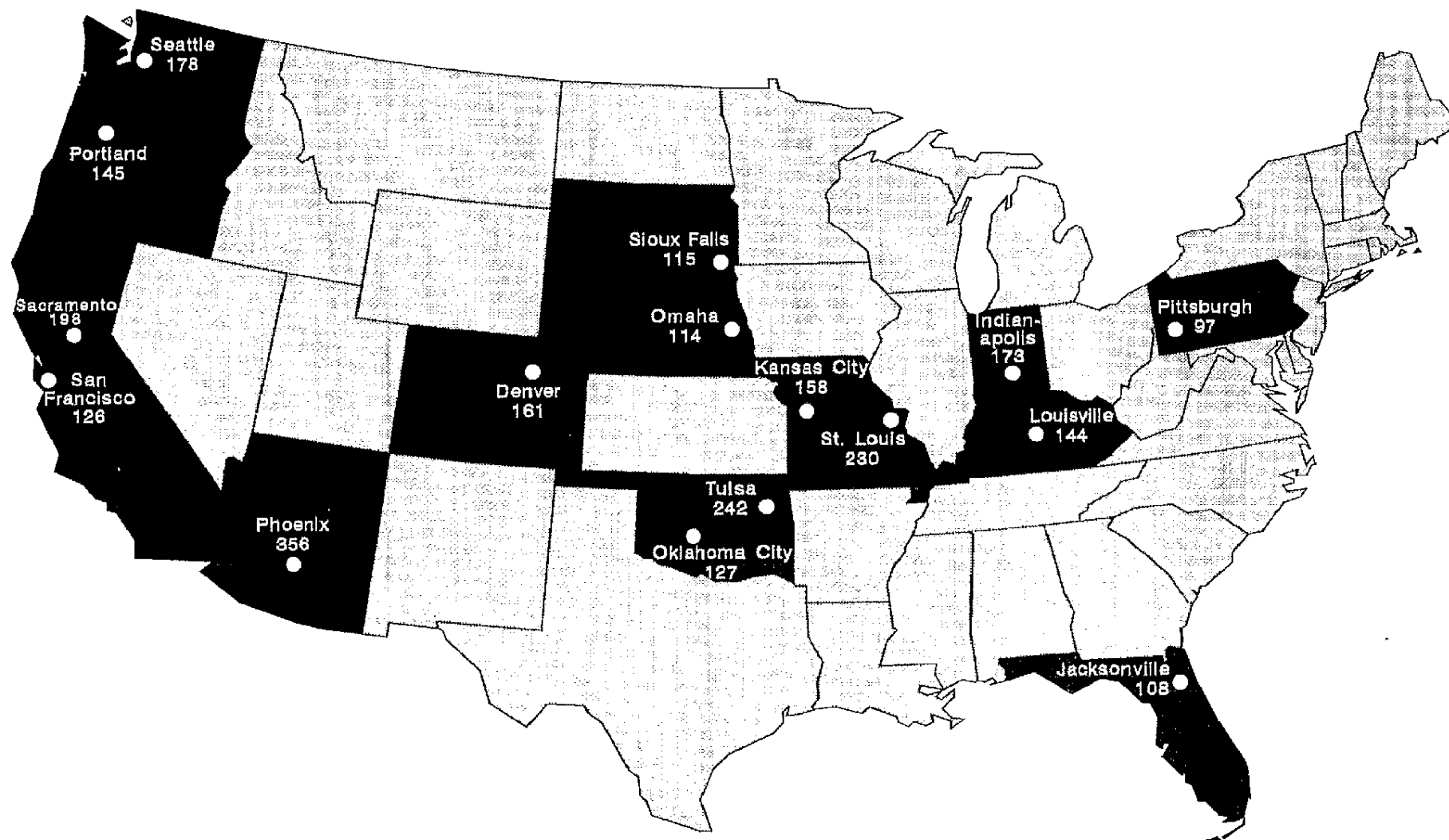
OBJECTIVES

1. To understand consumers' perception of GPC
2. To identify and assess key elements (i.e., price, advertising, store presence, special offers) which may be the driving force behind GPC's growing popularity
3. To compare GPC to Basic on several key dimensions

METHODOLOGY

- Central location mall intercepts.
- Approximately 450 regular and occasional discount smokers.
- 16 geographically-dispersed markets, above average SDI for GPC.
- June 21, 1995 - July 17, 1995.

GPC SDI'S FOR MARKETS IN WHICH INTERVIEWING WAS CONDUCTED



RESPONDENT QUALIFICATIONS

- Males/Females
- 18 - 64 years of age
- Regular discount brand smokers or full margin occasional discount smokers
- Smoke non-menthol or menthol, full flavor, flavor low or ultra low cigarettes
- Aware of Basic and GPC
- Smoke at least 10 cigarettes per day
- Pass standard security and past participation screening

SAMPLE COMPOSITION

A total of 443 interviews were conducted in the following proportions:

OCCASIONAL DISCOUNT SMOKERS

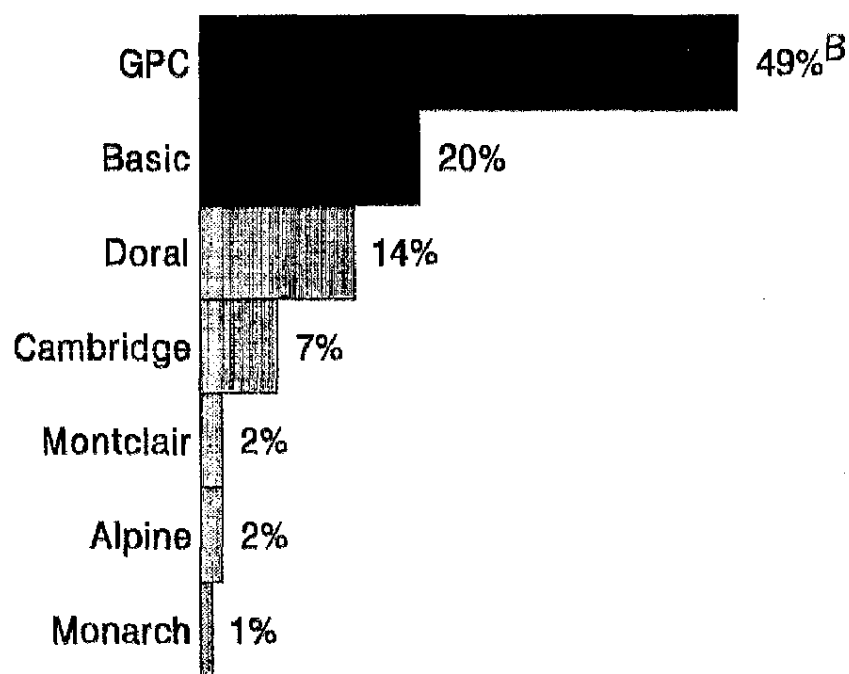
<u>Total</u>	<u>Sex</u>		<u>Age</u>	
	<u>Male</u>	<u>Female</u>	<u>18 - 34</u>	<u>35 - 64</u>
200	100	100	100	100

REGULAR DISCOUNT SMOKERS

<u>Total</u>	<u>Sex</u>		<u>Age</u>		<u>GPC</u>	<u>Basic</u>
	<u>Male</u>	<u>Female</u>	<u>18 - 34</u>	<u>35 - 64</u>		
243	123	120	71	172	110	49

About one-half of smokers volunteered that GPC is the number one selling discount brand.

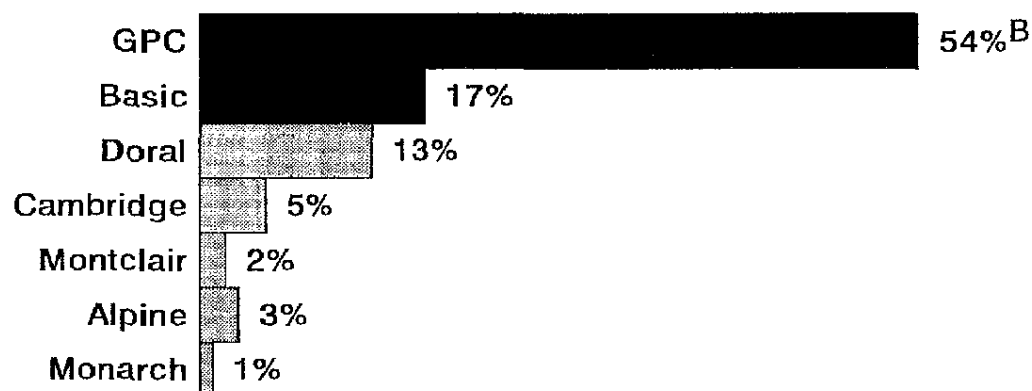
TOTAL SMOKERS



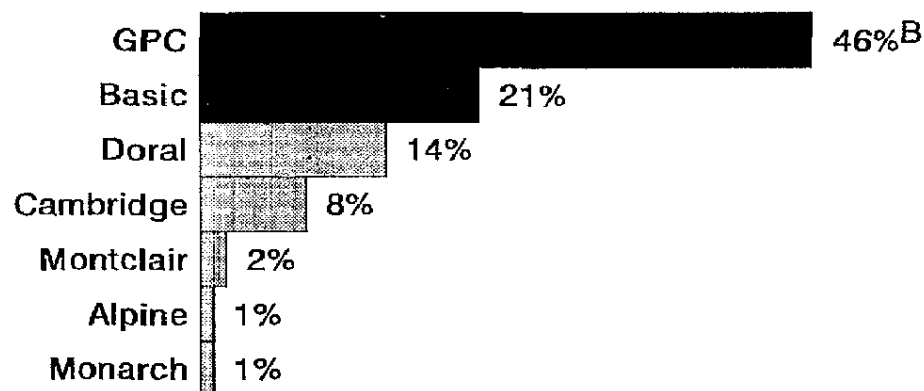
^B = Significantly higher than Basic at the 95% confidence level.

Both regular and occasional discount smokers cite GPC as number one.

OCCASIONAL DISCOUNT SMOKERS



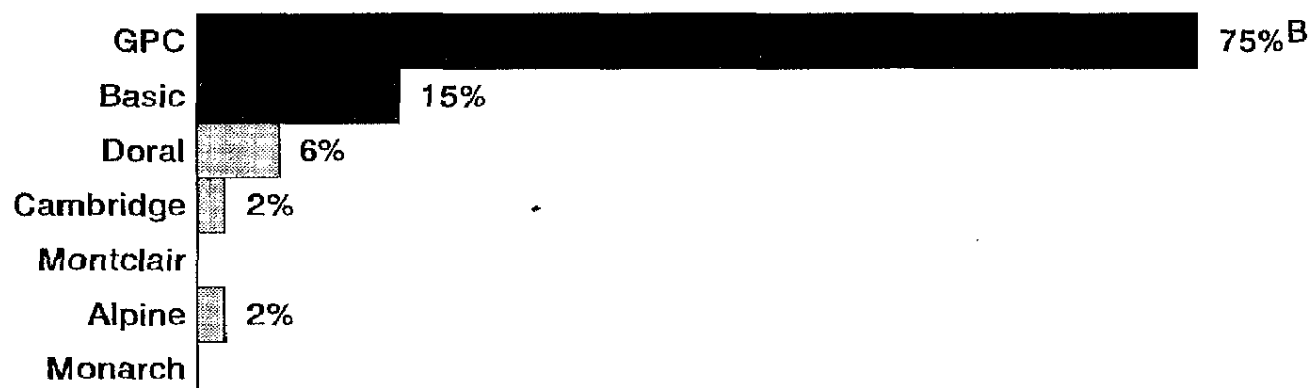
REGULAR DISCOUNT SMOKERS



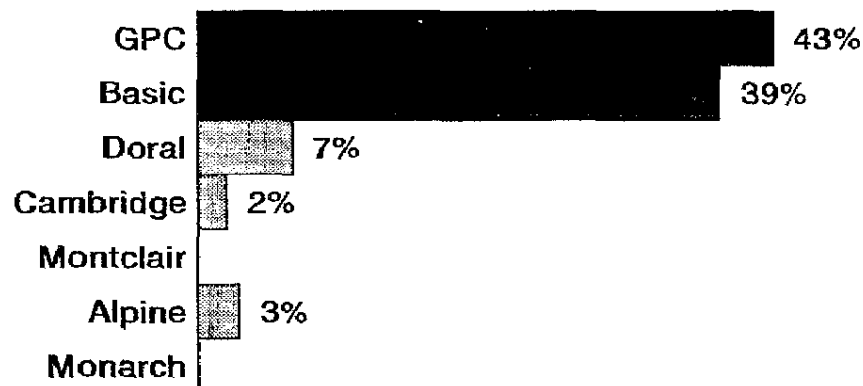
B = Significantly higher than Basic at the 95% confidence level.

Basic smokers were divided in their opinion of which brand is best selling.

GPC SMOKERS



BASIC SMOKERS*

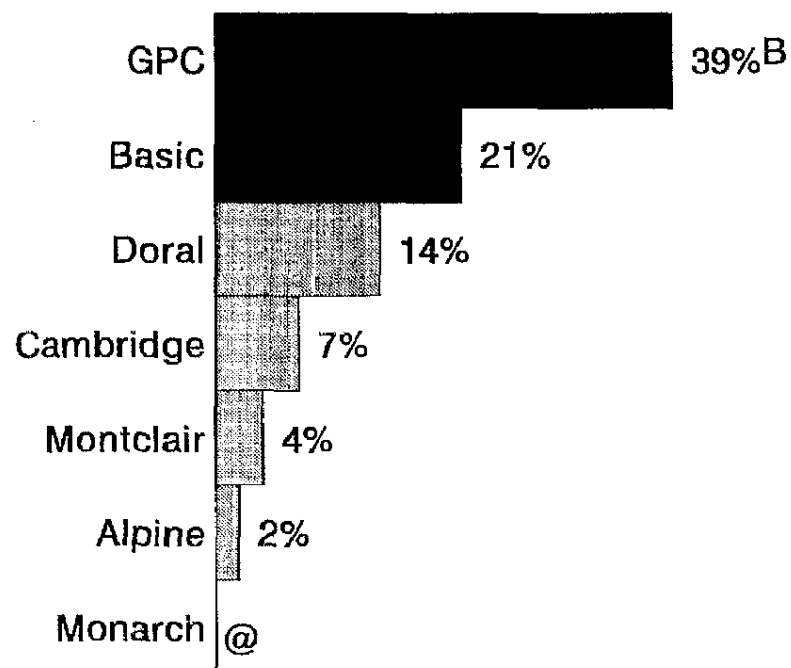


*CAUTION: Small base.

B = Significantly higher than Basic at the 95% confidence level.

GPC is also perceived to be a discount brand which is growing in popularity.

TOTAL SMOKERS

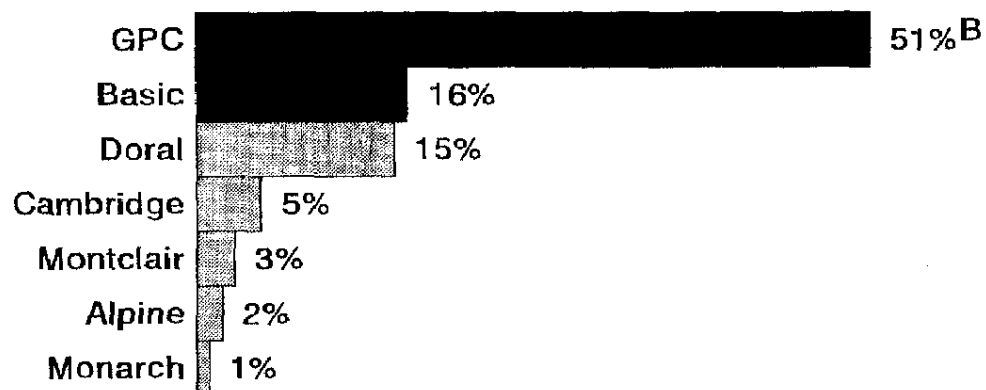


@Less than 0.5%.

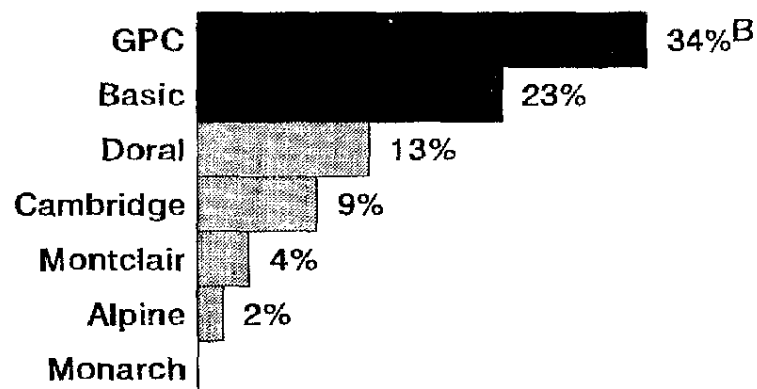
B = Significantly higher than Basic at the 95% confidence level.

The perception that GPC is growing in popularity is stronger among occasional discount smokers.

OCCASIONAL DISCOUNT SMOKERS



REGULAR DISCOUNT SMOKERS



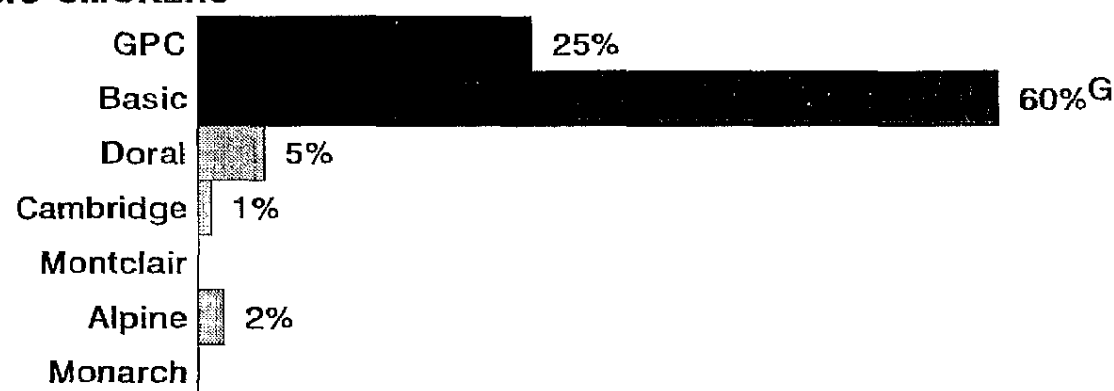
B = Significantly higher than Basic at the 95% confidence level.

Only Basic smokers claim that Basic is growing in popularity among their contemporaries.

GPC SMOKERS



BASIC SMOKERS*



*CAUTION: Small base.

B = Significantly higher than Basic at the 95% confidence level.

G = Significantly higher than GPC at the 95% confidence level.

The primary reason GPC is growing in popularity is price. GPC smokers also mention taste.

	Total	Occasional Discount Smokers	Regular Discount Smokers	GPC Smokers	Basic Smokers
N = Named GPC As Growing In Popularity	225	106	119	84	11@
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
<u>Price (Net)</u>	<u>78</u>	<u>80</u>	<u>77</u>	<u>75</u>	<u>62</u>
Cheaper than premium brands	65	71	61	54	62
The price	9	3	13	16	-
Good price	5	7	4	4	-
<u>Taste (Net)</u>	<u>22</u>	<u>25</u>	<u>19</u>	<u>40</u>	<u>-</u>
Good taste/like the taste	14	15	13	28	-
Tastes as good as premium brands	3	6	*	1	-
Smooth taste	3	3	3	2	-
Mild tasting	1	-	1	3	-
<u>All Other Comments</u>					
See more people smoking them	19	11	25	14	19
Always available/easier to buy	8	10	6	4	15
Advertised a lot	4	3	5	6	8
It's a generic cigarette	4	1	5	-	-
A good quality cigarette	3	2	3	2	-
Attractive package	3	-	5	-	-
Comes in all sizes/flavors	1	-	2	5	-

@Caution: Small base.

*Less than 0.5%.

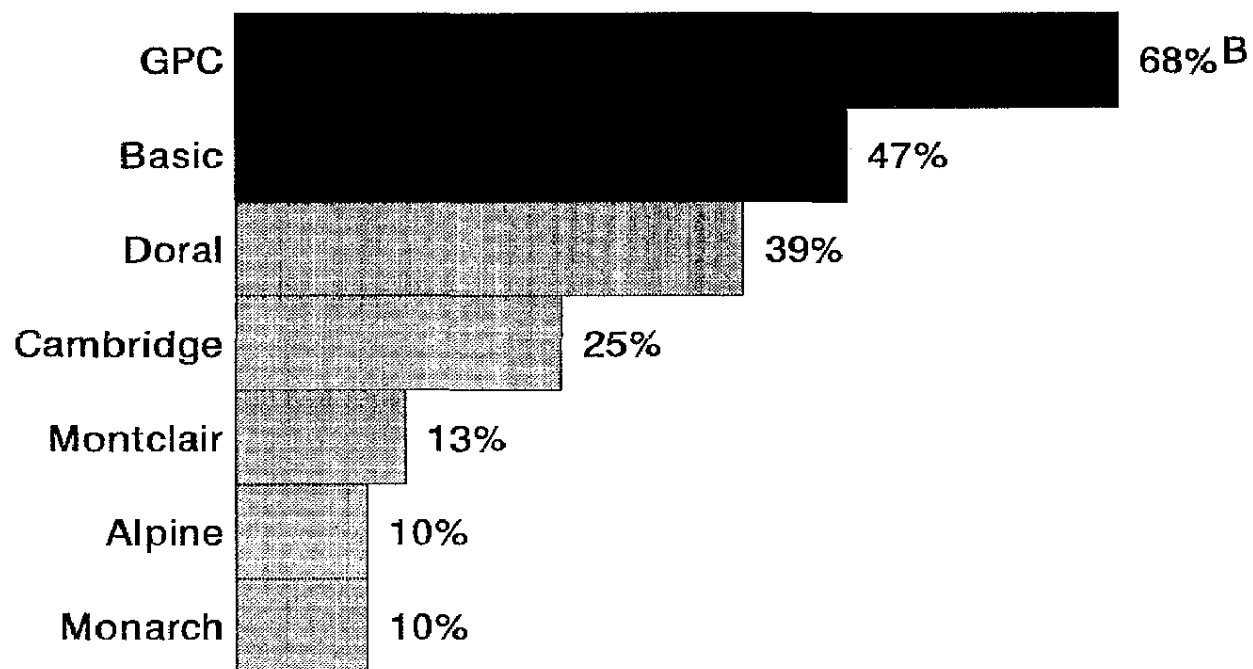
Price is also the rationale given for Basic's growth in popularity.

	Total	Occasional Discount Smokers	Regular Discount Smokers	GPC Smokers	Basic Smokers
N = Named Basic As Growing In Popularity	88 %	32@ %	56 %	12@ %	30@ %
<u>Price (Net)</u>	<u>74</u>	<u>65</u>	<u>77</u>	<u>78</u>	<u>77</u>
Cheaper than premium brands	60	44	65	78	72
Good price	13	16	12	-	4
The price	1	5	-	-	-
<u>Taste (Net)</u>	<u>23</u>	<u>15</u>	<u>26</u>	<u>13</u>	<u>41</u>
Good taste/like the taste	14	3	17	13	21
Tastes as good as premium brands	4	3	5	-	10
Smooth taste	3	3	2	-	5
Mild tasting	2	6	-	-	-
Strong tasting	2	3	2	-	4
<u>Offers Incentives (Net)</u>	<u>9</u>	<u>6</u>	<u>9</u>	<u>-</u>	<u>5</u>
Special offers with a purchase	3	3	3	-	-
Get coupons in the mail	3	-	4	-	-
Two packs for the price of one	3	-	4	-	-
Get coupons	2	2	2	-	4
<u>Advertisement (Net)</u>	<u>8</u>	<u>6</u>	<u>8</u>	<u>19</u>	<u>-</u>
Advertised a lot	4	6	4	-	-
Because of advertisement	3	-	5	19	-
<u>All Other Comments</u>					
See more people smoking them	7	9	7	3	4
Always available/easier to buy	6	11	4	9	8
Comes in all sizes/flavors	2	5	1	9	-
It's a generic cigarette	1	5	-	-	-
Attractive package	1	-	1	9	-

@Caution: Small base.

GPC's popularity is apparent; other people are smoking it more than any other discount brand.

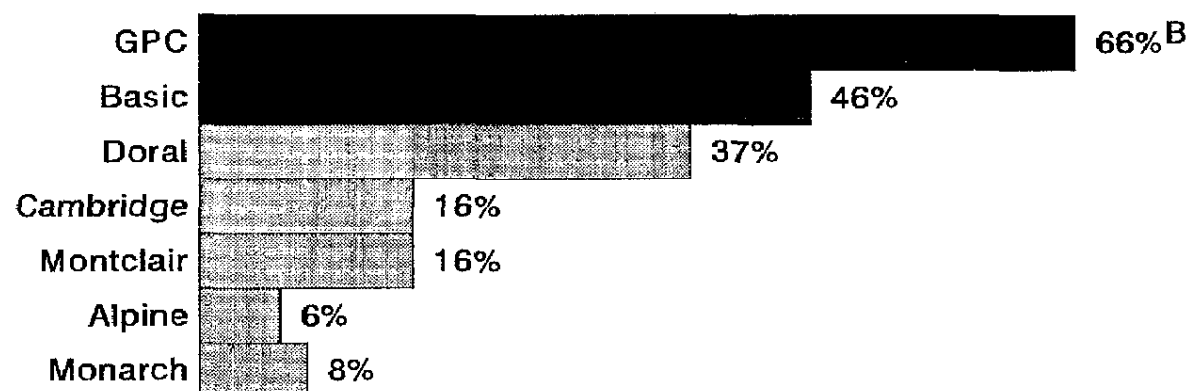
TOTAL SMOKERS



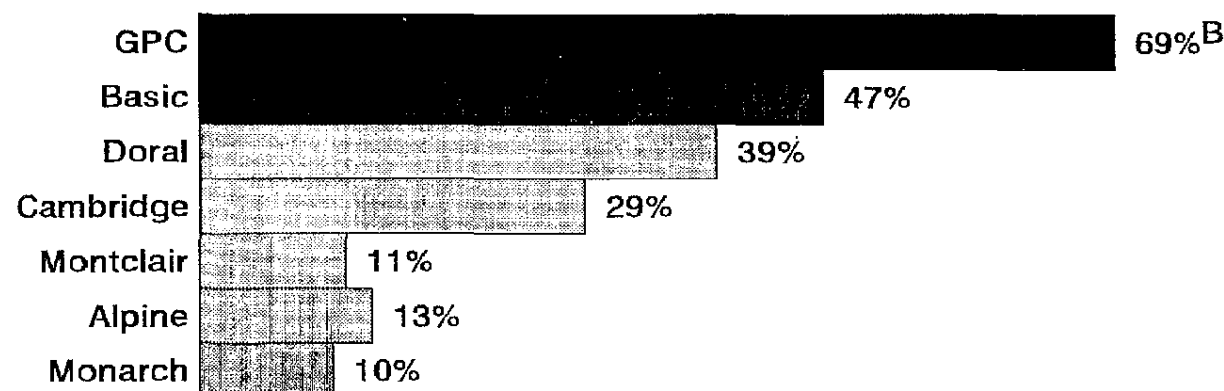
^B = Significantly higher than Basic at the 95% confidence level.

Regular and occasional discount smokers have comparable perceptions of GPC's popularity.

OCCASIONAL DISCOUNT SMOKERS



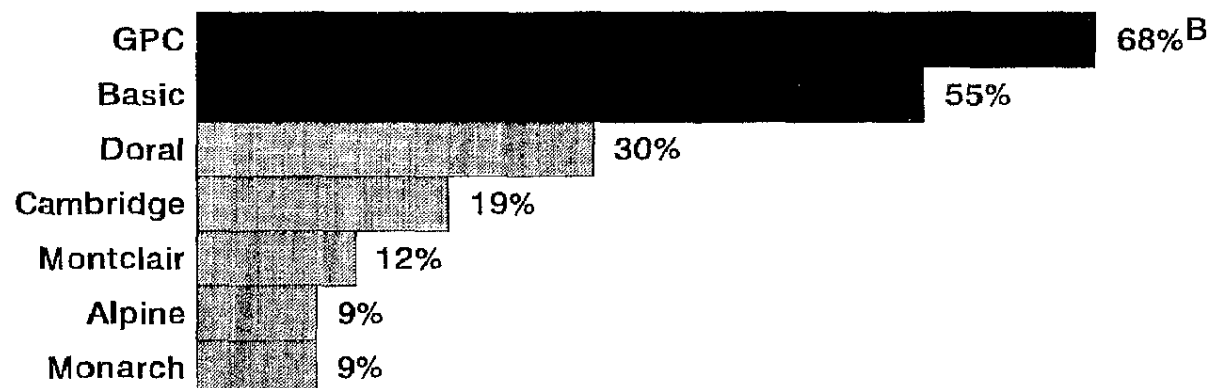
REGULAR DISCOUNT SMOKERS



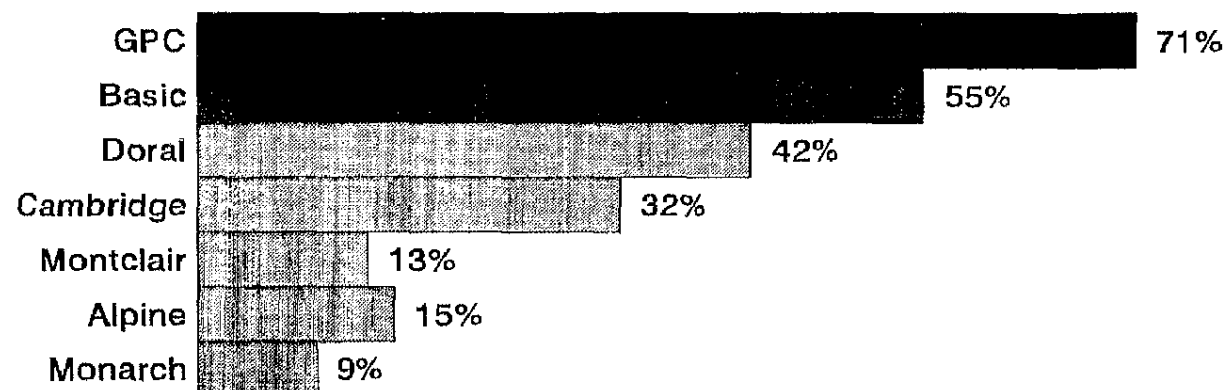
B = Significantly higher than Basic at the 95% confidence level.

Even among Basic smokers, GPC has a stronger image as the discount brand other people are smoking.

GPC SMOKERS



BASIC SMOKERS*

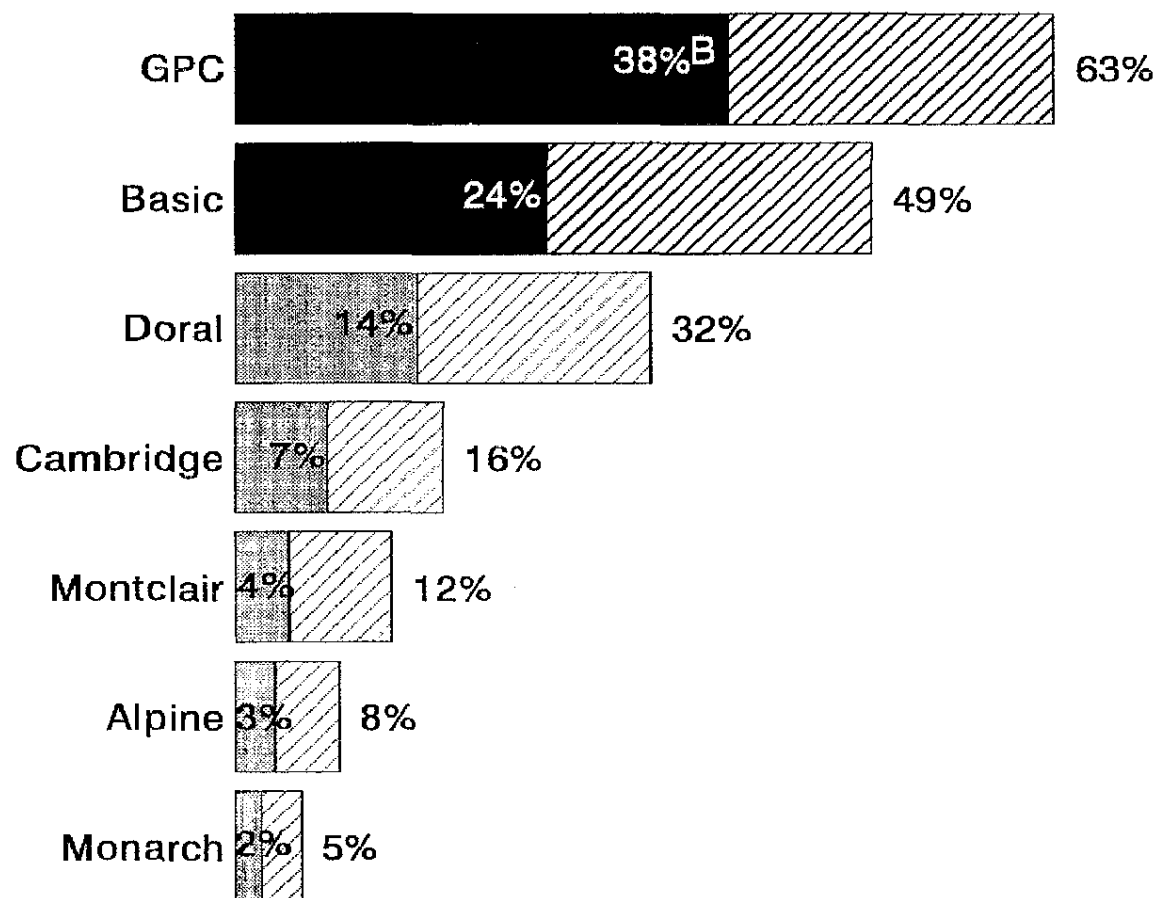


*CAUTION: Small base.

B = Significantly higher than Basic at the 95% confidence level.

GPC is perceived to be the most noticeable discount brand in the store.

TOTAL SMOKERS

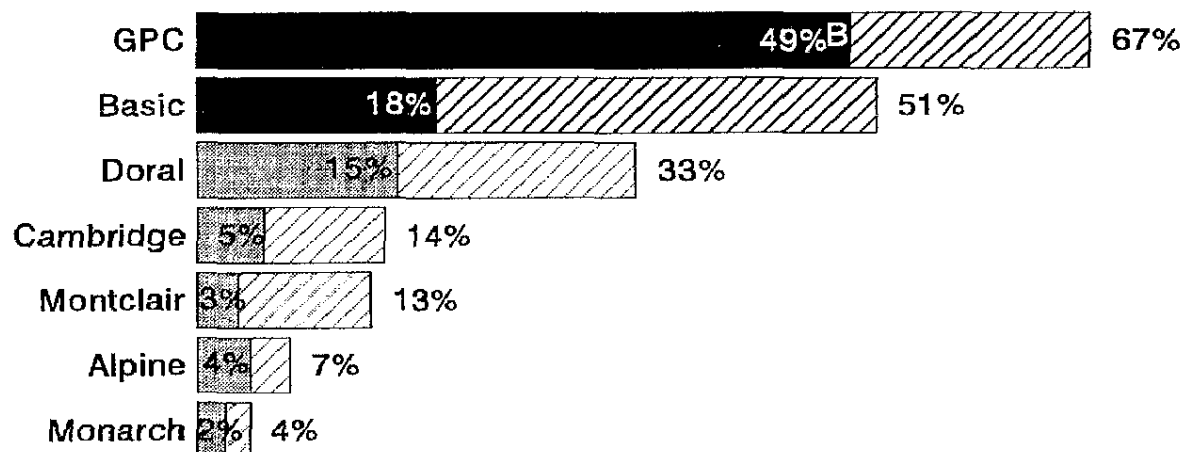


B = Significantly higher than Basic at the 95% confidence level.

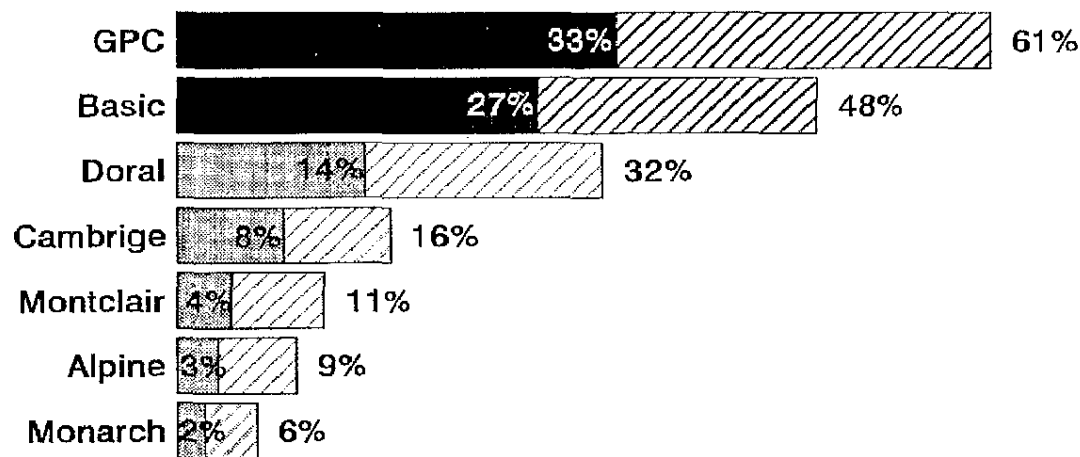
■ Most Noticeable
▨ Second Most Noticeable

Both regular and occasional discount smokers name GPC as the discount brand with the greatest in-store presence.

OCCASIONAL DISCOUNT SMOKERS



REGULAR DISCOUNT SMOKERS

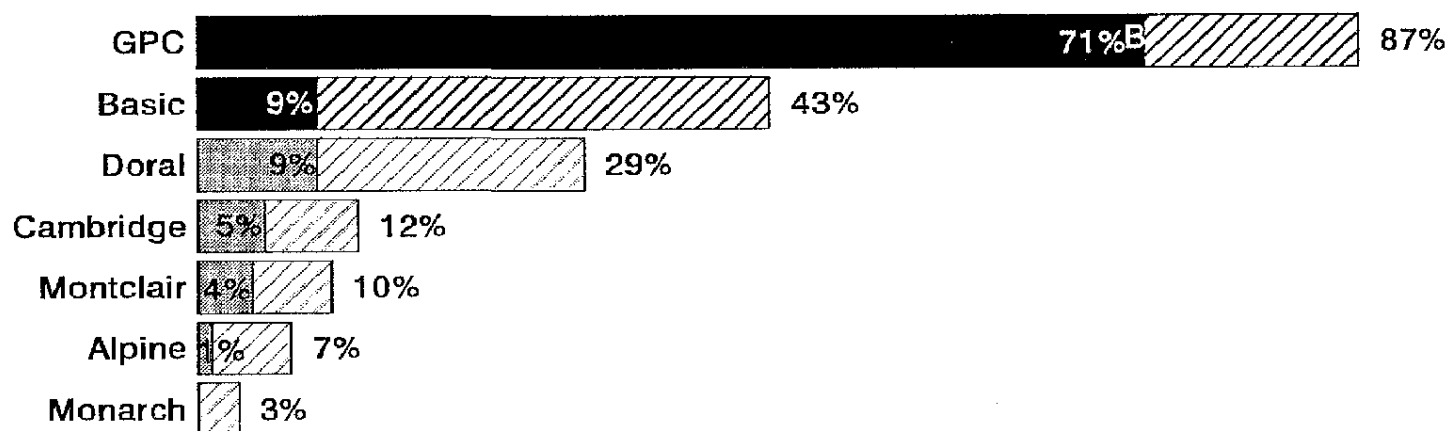


^B = Significantly higher than Basic at the 95% confidence level.

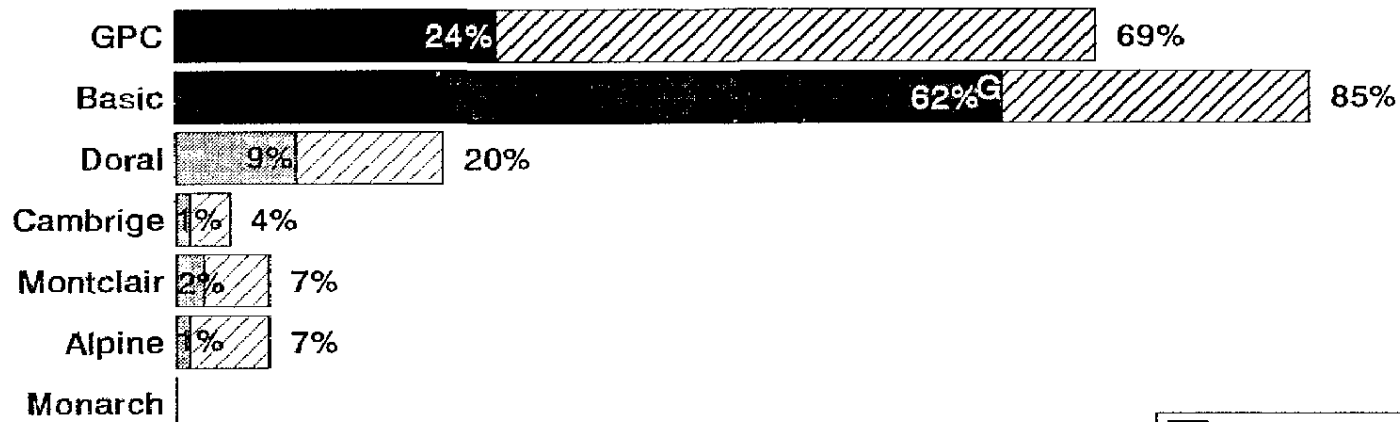
■ Most Noticeable
 ▨ Second Most Noticeable

Both GPC and Basic smokers perceive their own brand to be most noticeable. However, Basic smokers are more cognizant of GPC's presence.

GPC SMOKERS



BASIC SMOKERS*



*CAUTION: Small base.

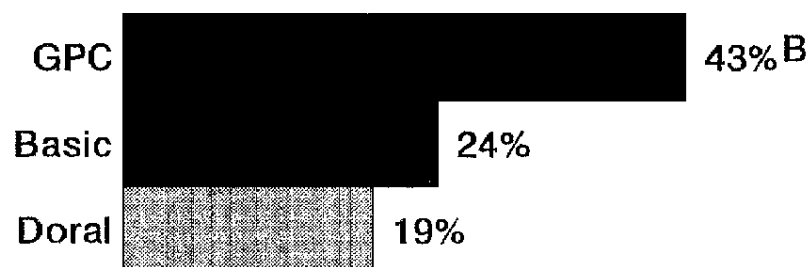
B = Significantly higher than Basic at the 95% confidence level.

G = Significantly higher than GPC at the 95% confidence level.

■ Most Noticeable
▨ Second Most Noticeable

GPC is perceived to be the most widely available discount brand.

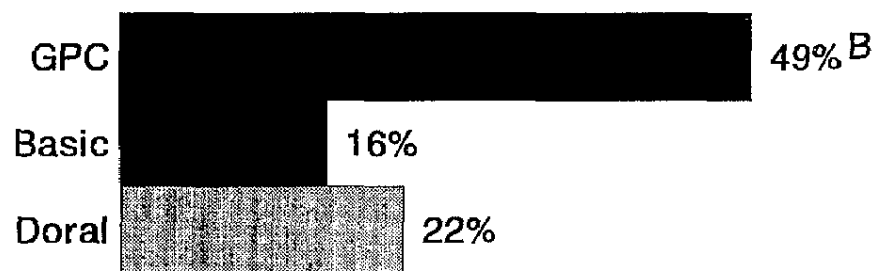
TOTAL SMOKERS



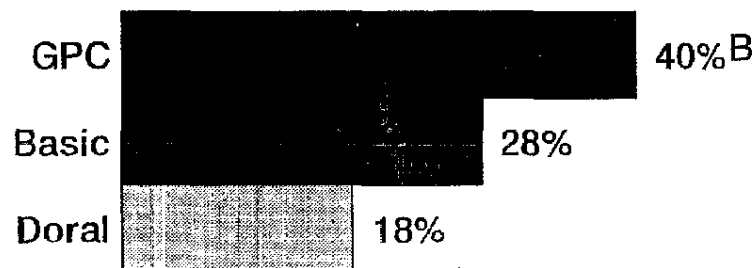
B = Significantly higher than Basic at the 95% confidence level.

Both regular and occasional discount smokers perceive GPC as the most widely available discount brand.

OCCASIONAL DISCOUNT SMOKERS



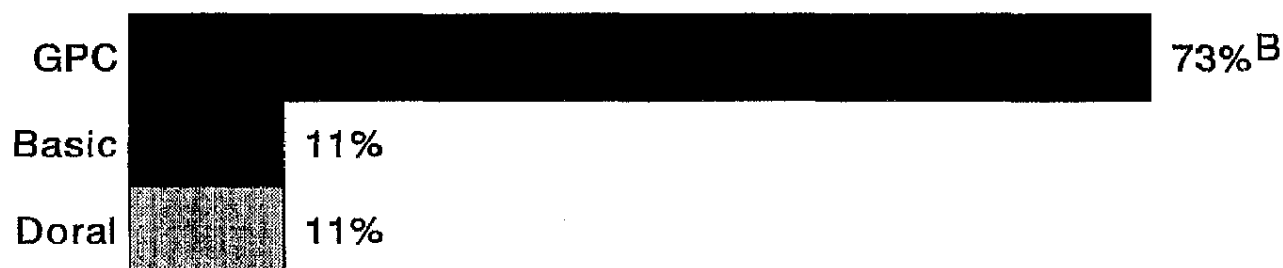
REGULAR DISCOUNT SMOKERS



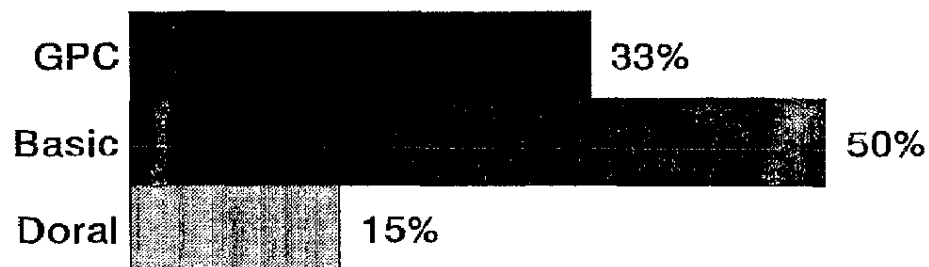
B = Significantly higher than Basic at the 95% confidence level.

Most GPC smokers think their own brand to be the most widely available. About one-third of Basic smokers also have that perception of GPC.

GPC SMOKERS



BASIC SMOKERS*

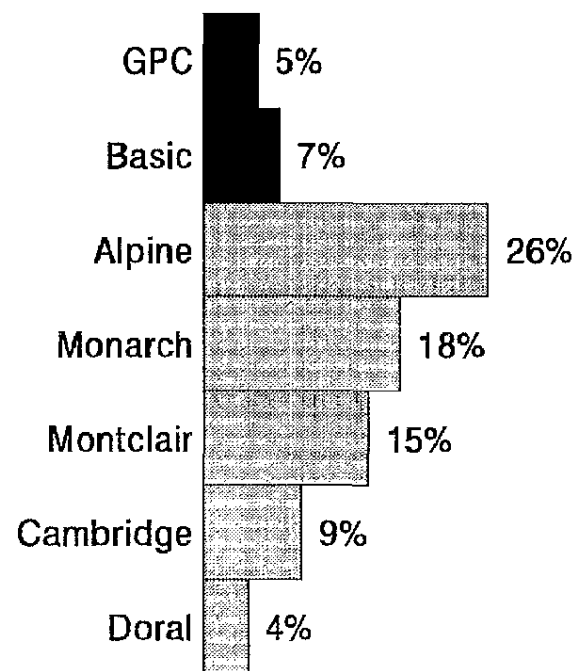


*CAUTION: Small base.

B = Significantly higher than Basic at the 95% confidence level.

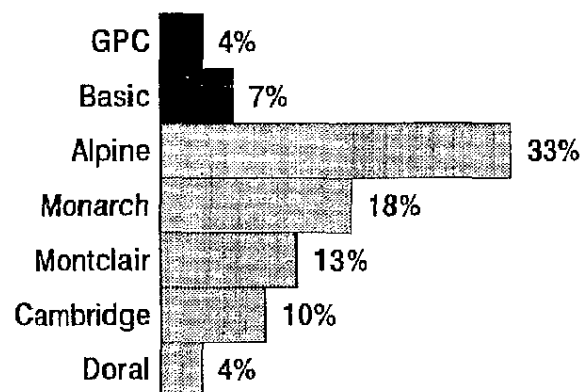
Neither Basic nor GPC is thought of as the most difficult to find discount brand.

TOTAL SMOKERS

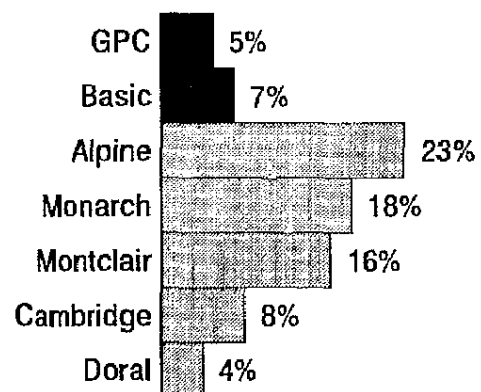


Few regular or occasional discount smokers have difficulty finding GPC or Basic.

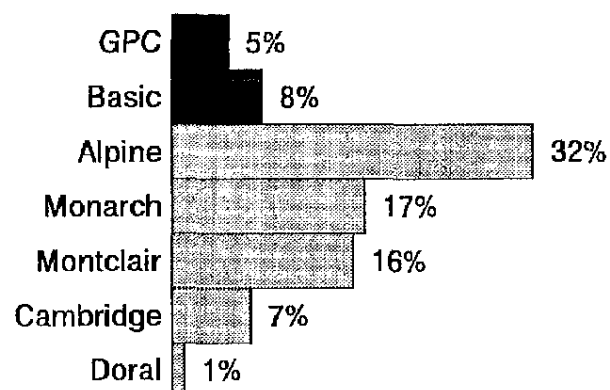
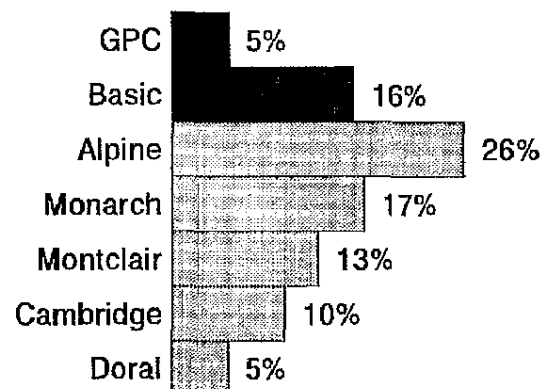
OCCASIONAL DISCOUNT SMOKERS



REGULAR DISCOUNT SMOKERS



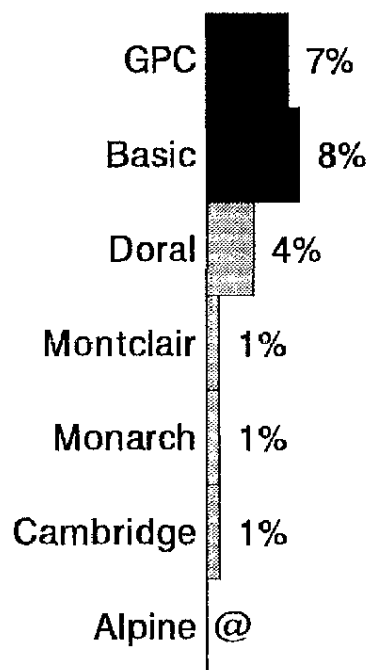
Although at a low level, Basic smokers expressed more difficulty than GPC smokers in finding their own brand.

GPC SMOKERS**BASIC SMOKERS***

*CAUTION: Small base.

Although relatively few smokers ask for advice when purchasing a discount brand, Basic ties GPC in terms of retailer recommendations despite GPC's stronger profile.

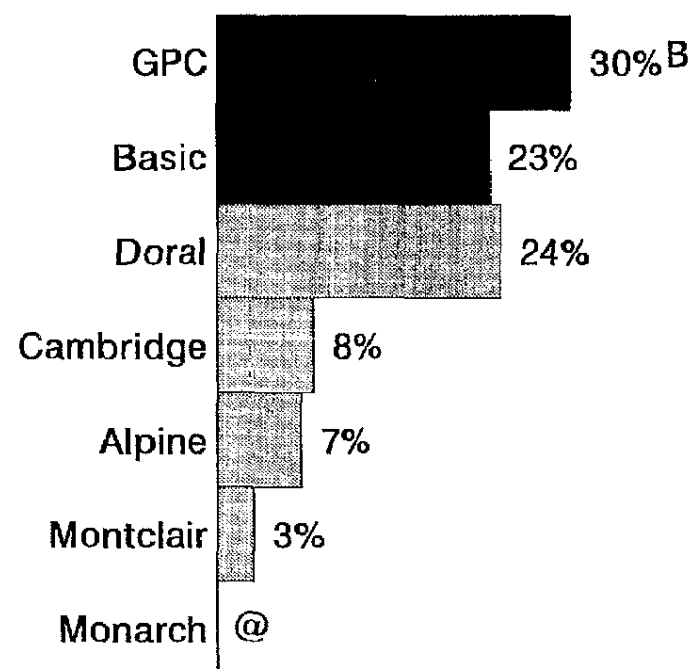
TOTAL SMOKERS



@Less than 0.5%.

GPC is the discount brand which is perceived to advertise the most.

TOTAL SMOKERS

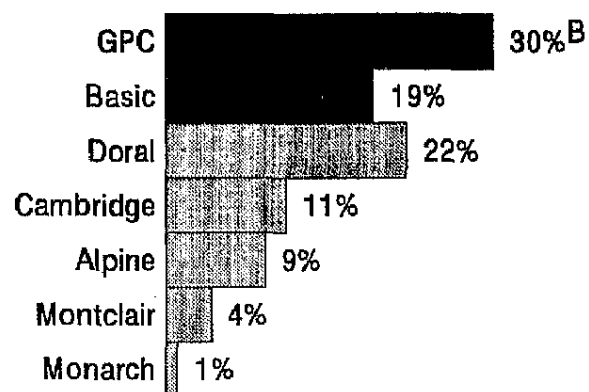


@Less than 0.5%.

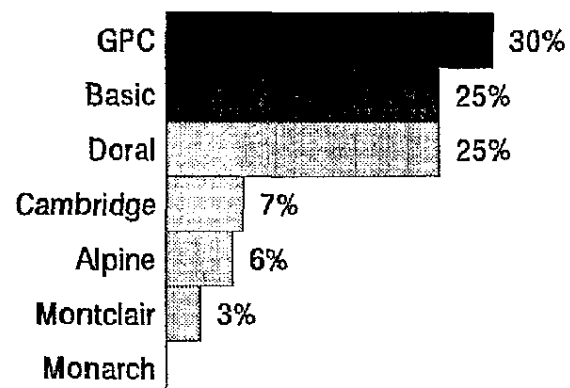
B = Significantly higher than Basic at the 95% confidence level.

Both regular and occasional discount smokers think GPC does the most advertising.

OCCASIONAL DISCOUNT SMOKERS



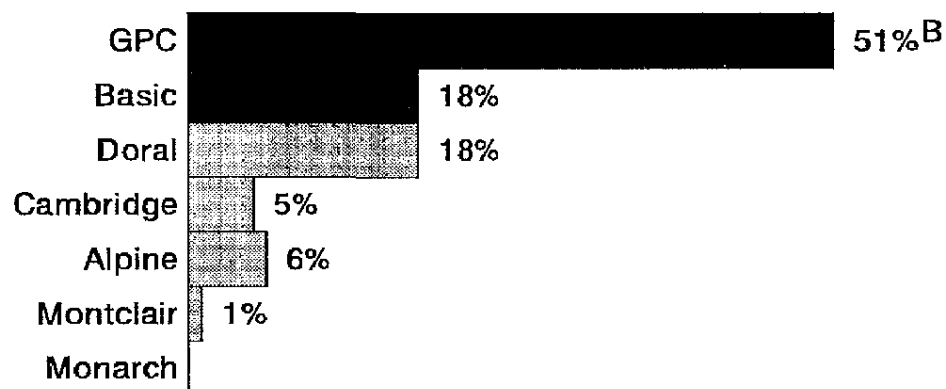
REGULAR DISCOUNT SMOKERS



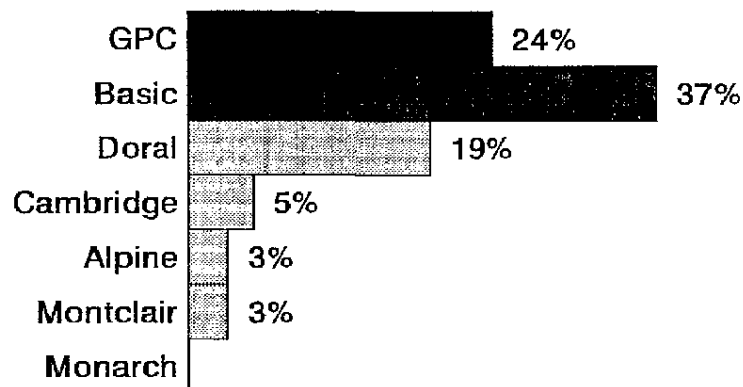
B = Significantly higher than Basic at the 95% confidence level.

Only Basic smokers perceive Basic as a heavier advertiser than GPC.

GPC SMOKERS



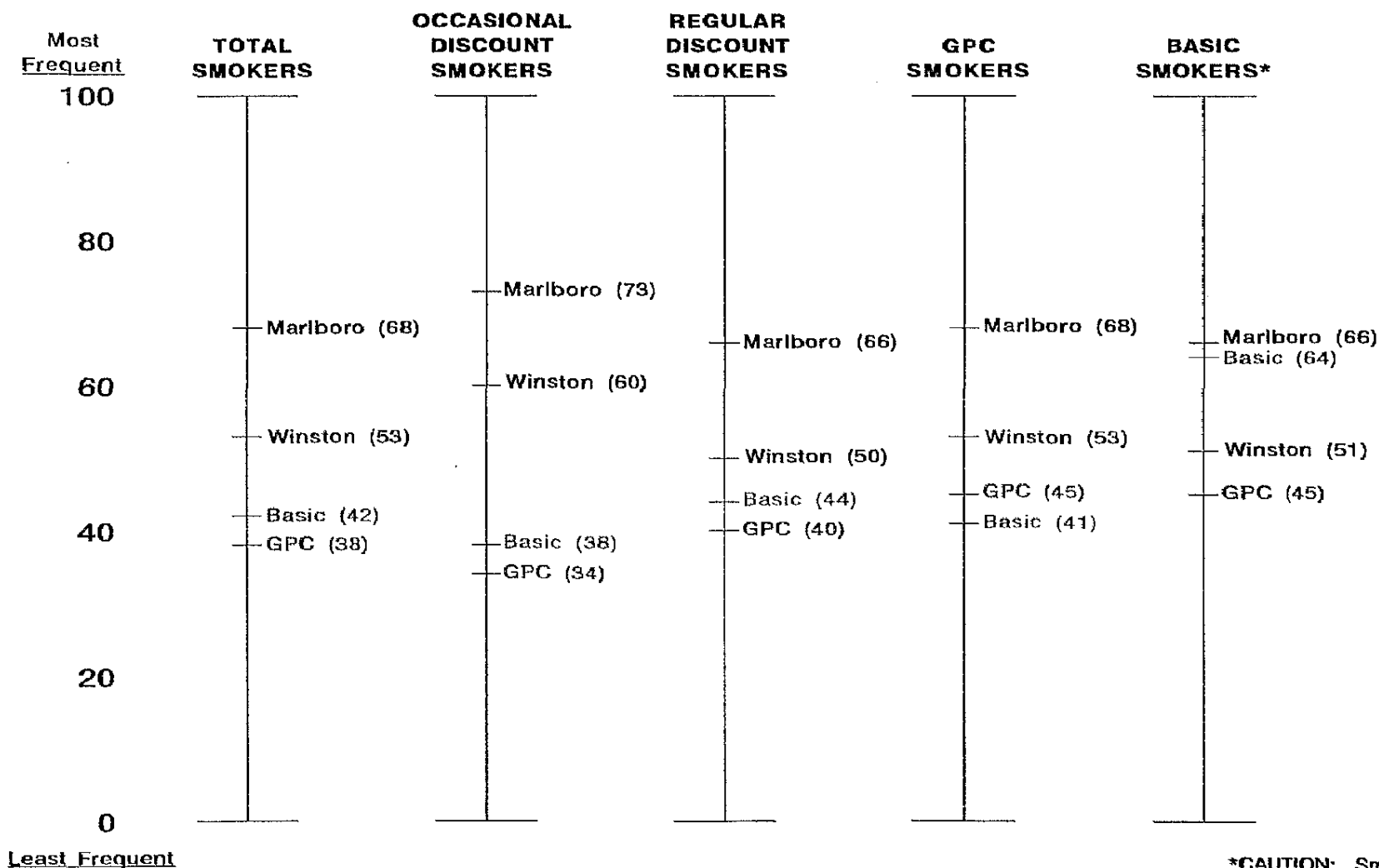
BASIC SMOKERS*



*CAUTION: Small base.

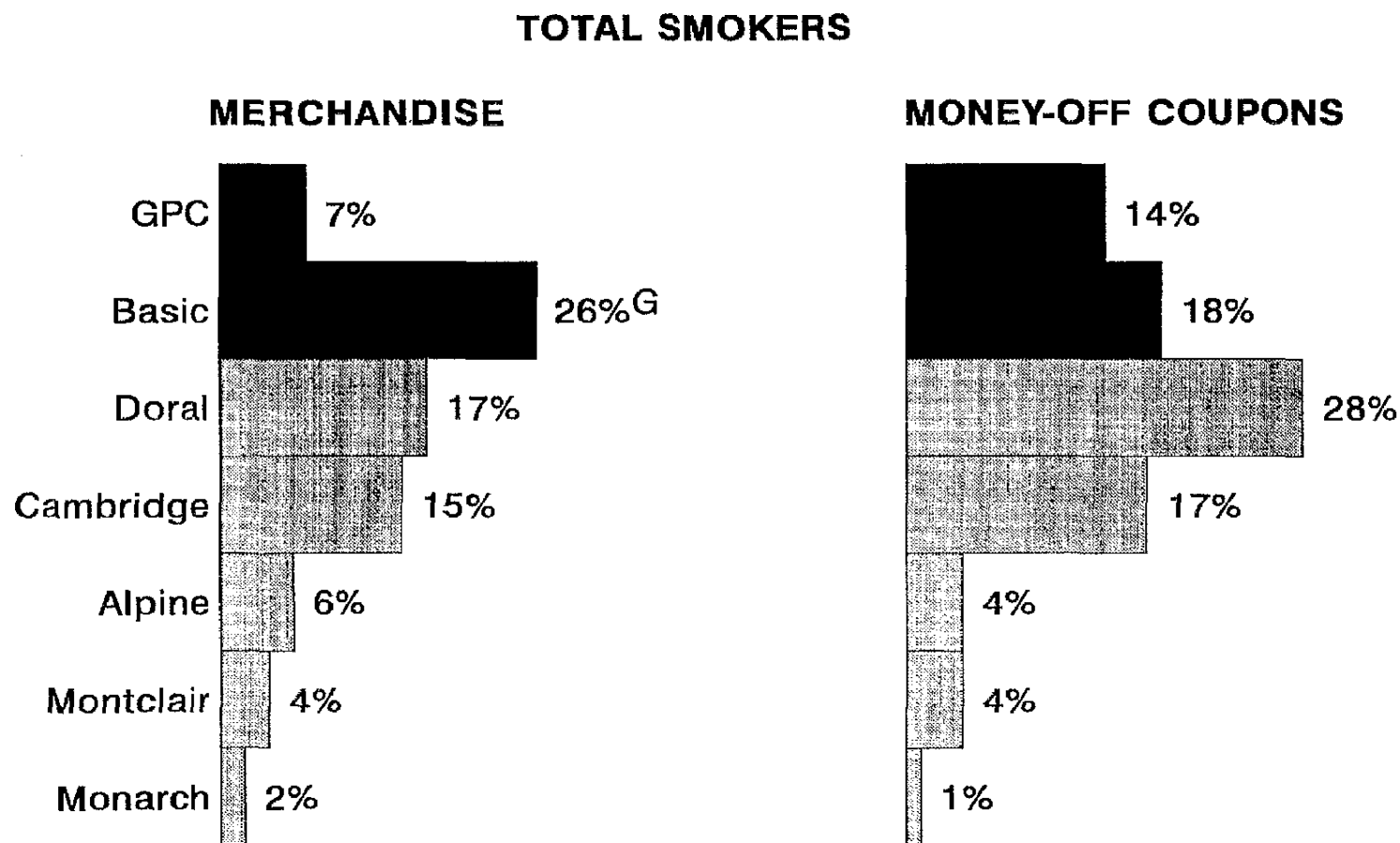
B = Significantly higher than Basic at the 95% confidence level.

GPC and Basic are also seen as less frequently offering promotions than Marlboro and Winston. Unlike the Basic franchise, GPC smokers don't equate their brand with Marlboro and Winston.



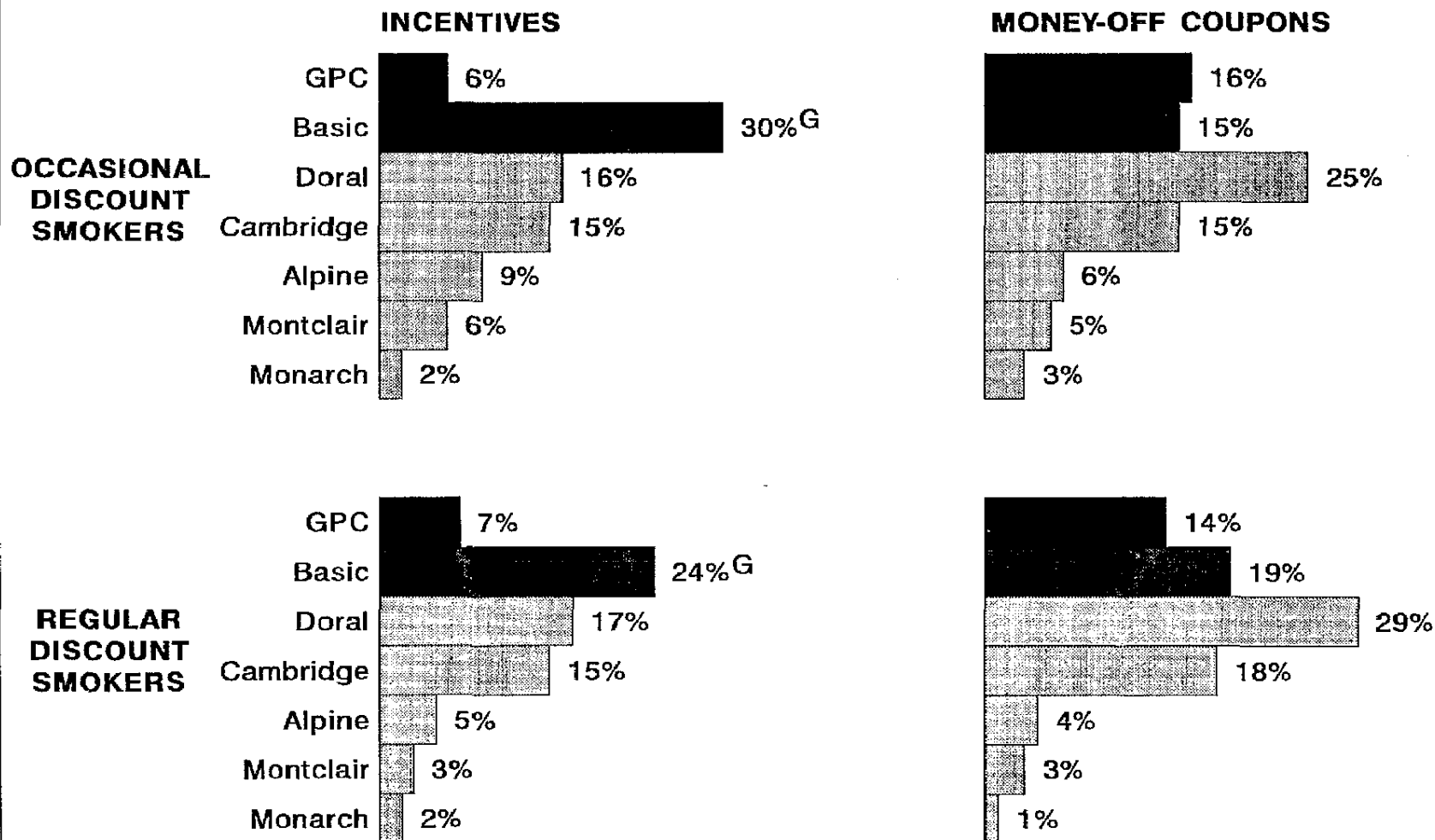
*CAUTION: Small base.

Basic is perceived as having more promotional activity than GPC. However, Basic's promotions are merchandise driven while GPC's are price driven.



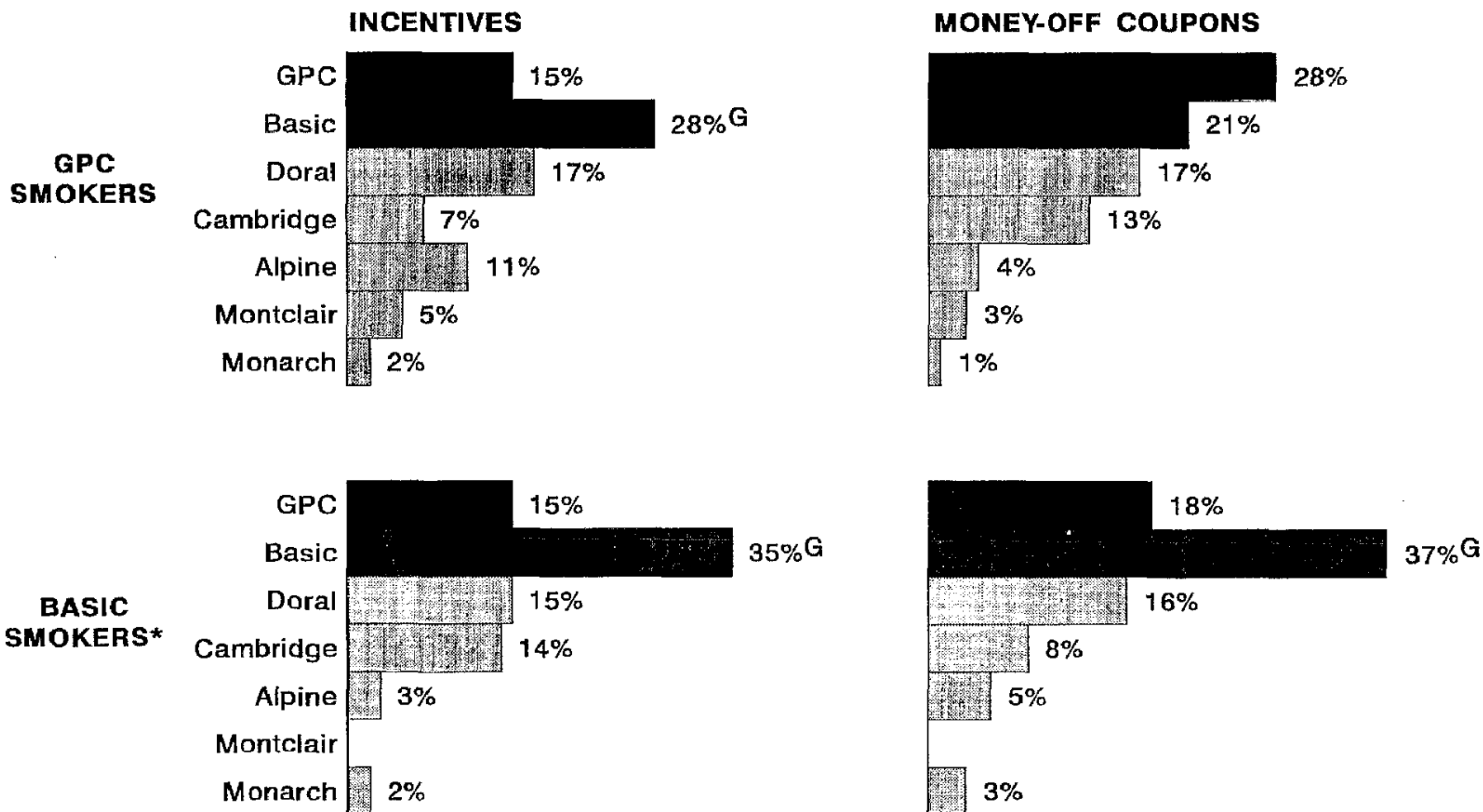
G = Significantly higher than GPC at the 95% confidence level.

Both regular and occasional discount smokers share common perceptions of GPC and Basic's promotional activity.



G = Significantly higher than GPC at the 95% confidence level.

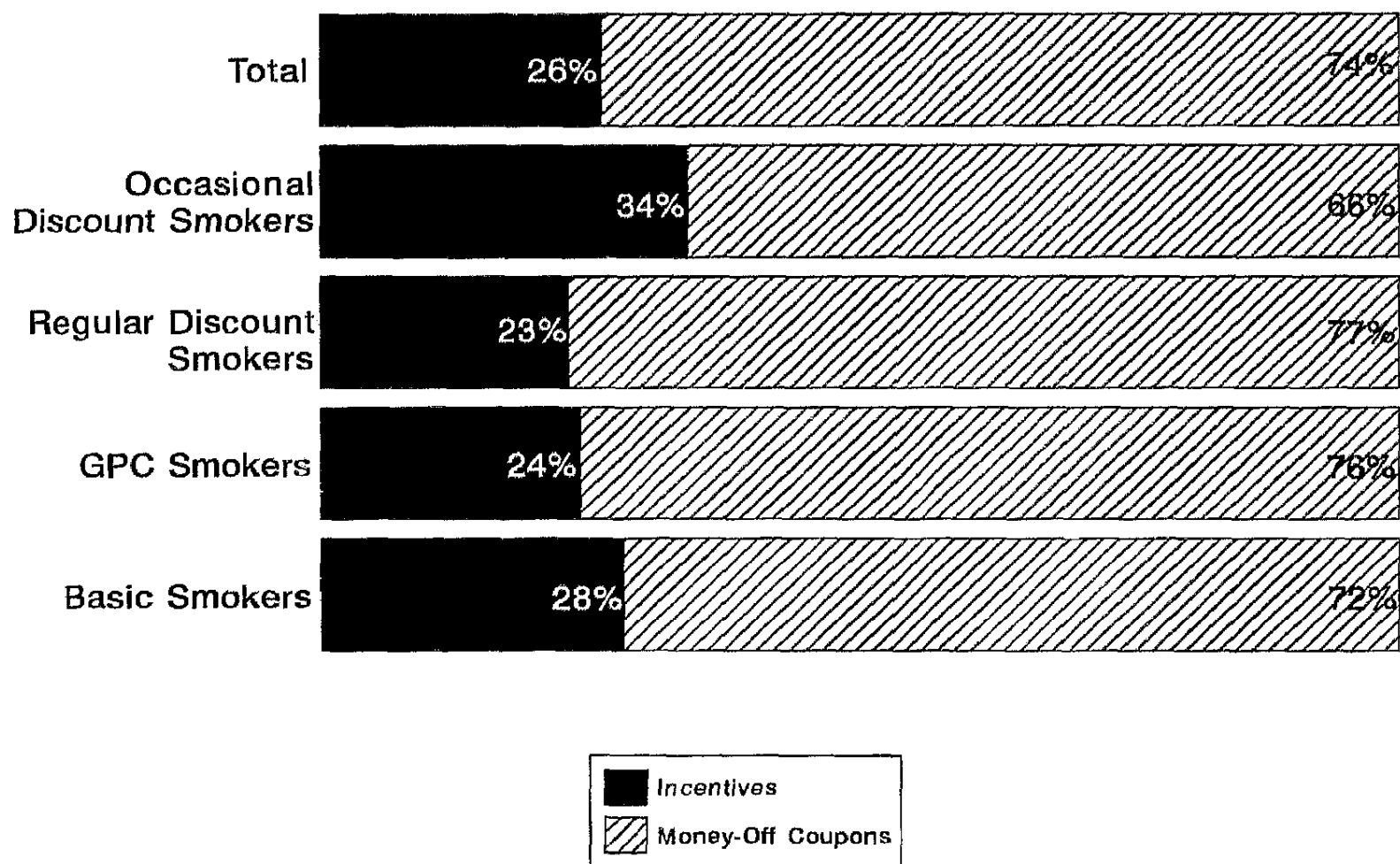
Both GPC and Basic smokers cite their own brand as offering money-off coupons most often.



*CAUTION: Small base.

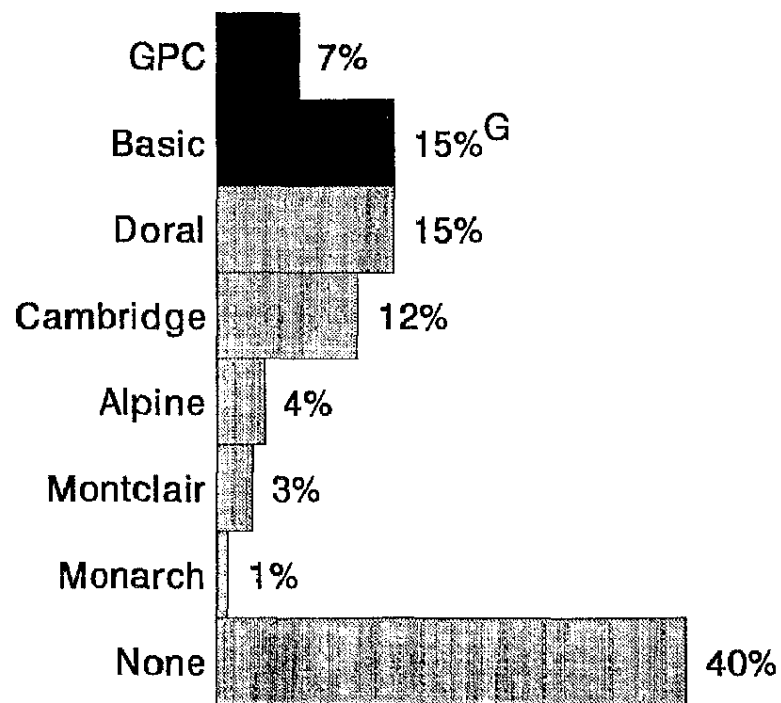
G = Significantly higher than GPC at the 95% confidence level.

Money-off coupons are clearly a more desirable incentive than merchandise.



Fewer than one in ten associate GPC with being a discount brand which sends mail frequently.

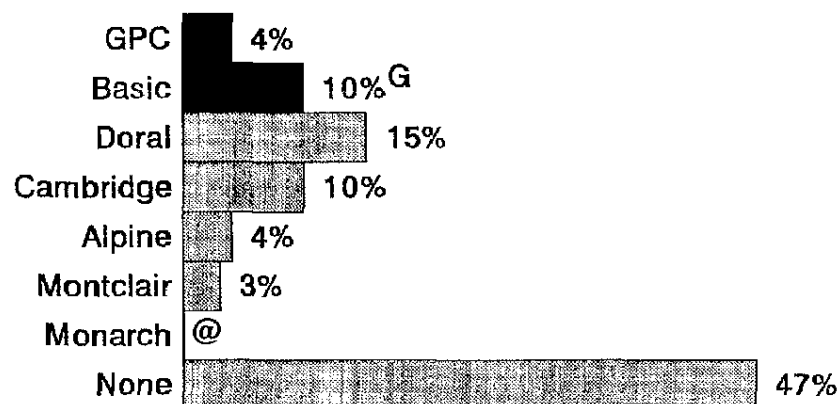
TOTAL SMOKERS



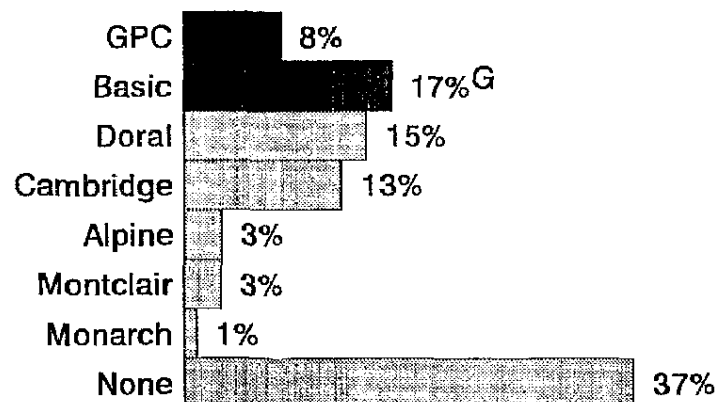
G = Significantly higher than GPC at the 95% confidence level.

Regular discount smokers are more likely to be aware of receiving mail from discount brands. GPC, however, still lags behind Basic.

OCCASIONAL DISCOUNT SMOKERS



REGULAR DISCOUNT SMOKERS

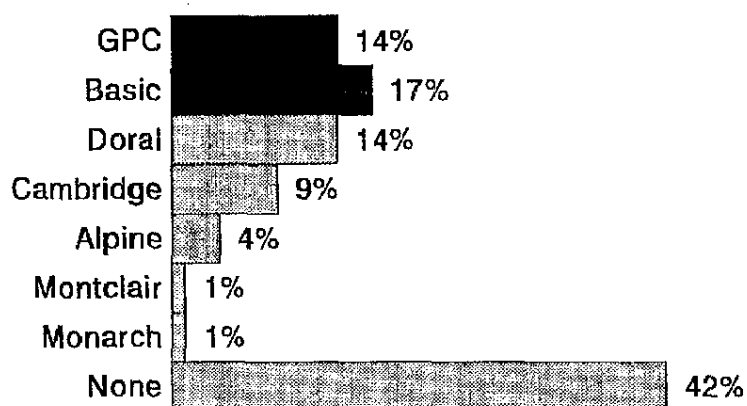


@Less than 0.5%.

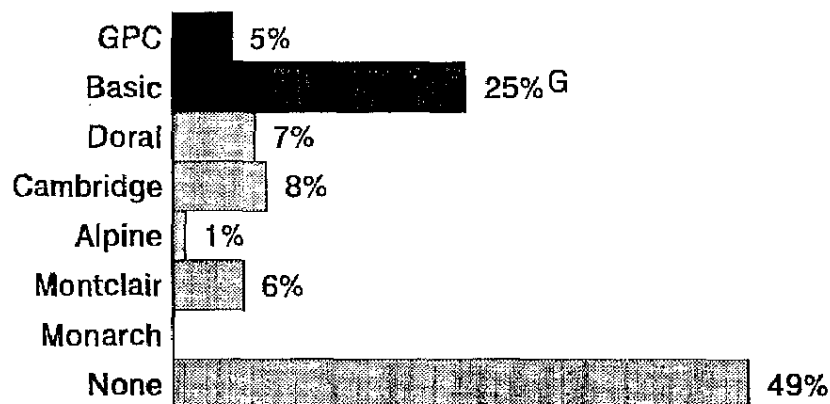
G = Significantly higher than GPC at the 95% confidence level.

GPC appears to be concentrating on its own franchise with direct mail efforts.

GPC SMOKERS



BASIC SMOKERS*

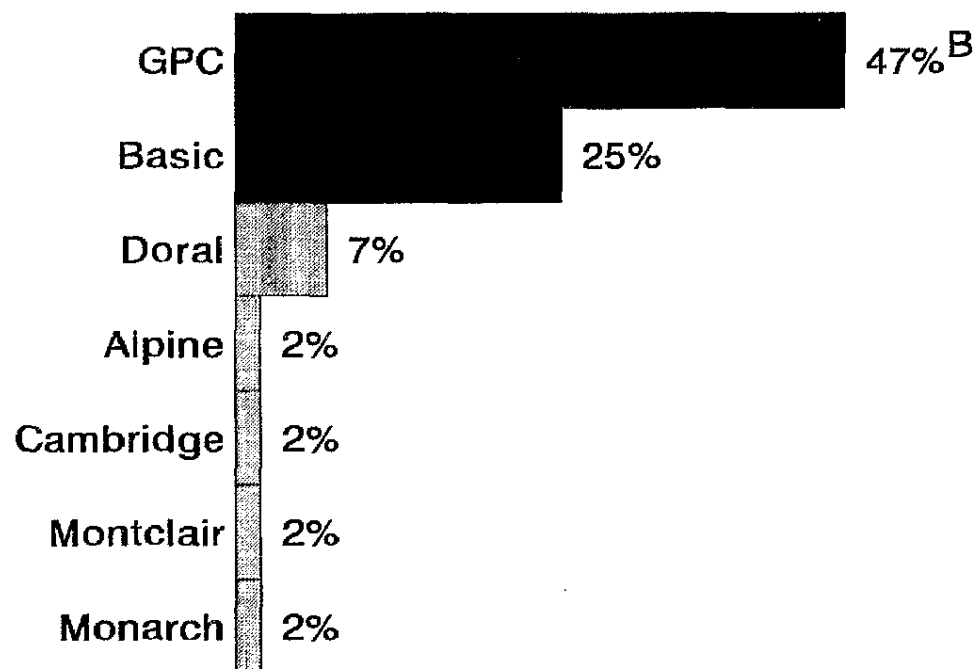


*CAUTION: Small base.

G = Significantly higher than GPC at the 95% confidence level.

GPC is clearly thought to be the lowest priced brand in the store*.

TOTAL SMOKERS

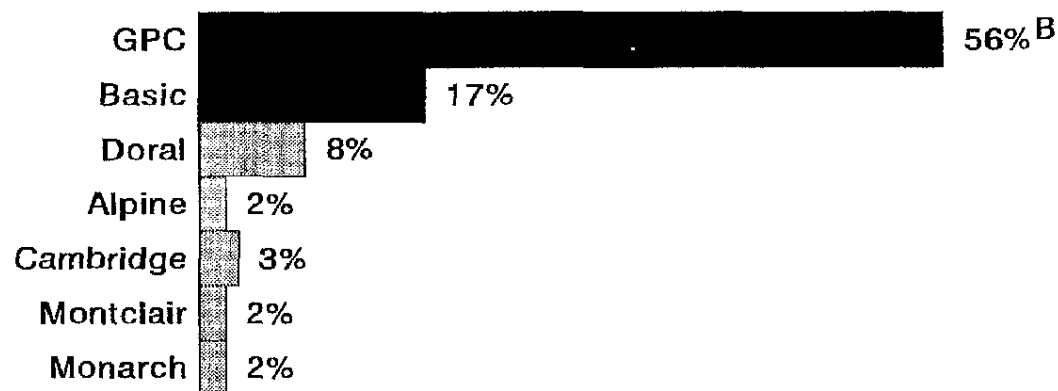


*Unaided.

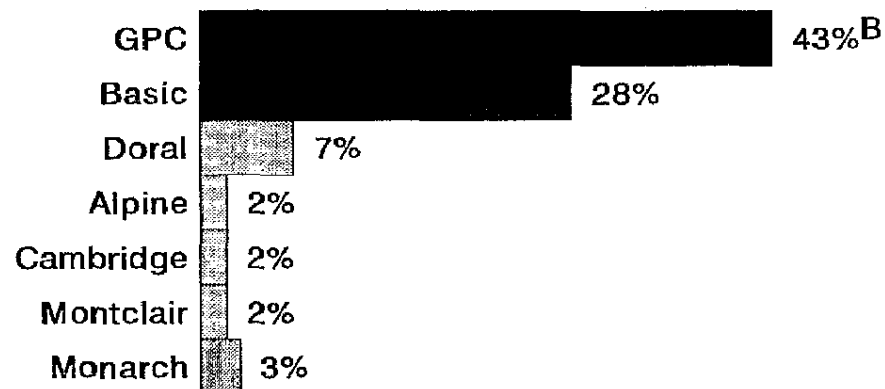
^B = Significantly higher than Basic at the 95% confidence level.

Both regular and occasional discount smokers volunteered GPC as lowest priced.

OCCASIONAL DISCOUNT SMOKERS



REGULAR DISCOUNT SMOKERS



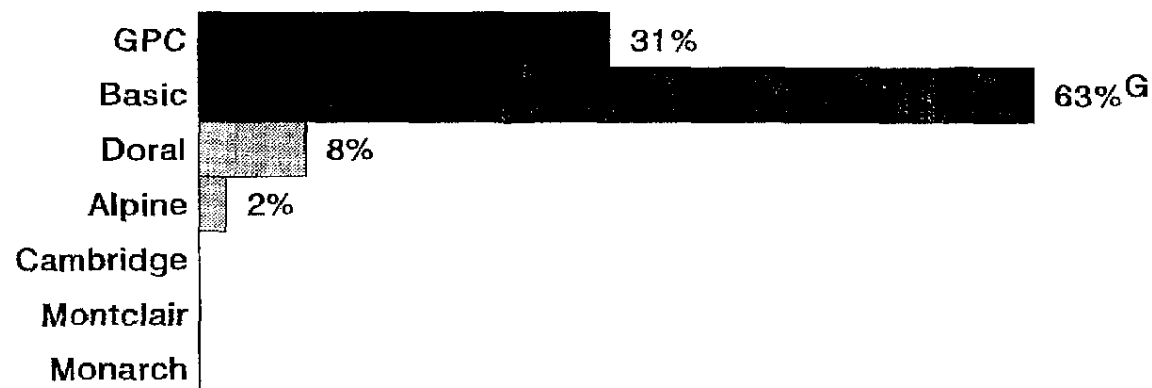
B = Significantly higher than Basic at the 95% confidence level.

Although Basic smokers think that Basic is lowest priced, almost one in three volunteer GPC.

GPC SMOKERS



BASIC SMOKERS*



*CAUTION: Small base.

B = Significantly higher than Basic at the 95% confidence level.

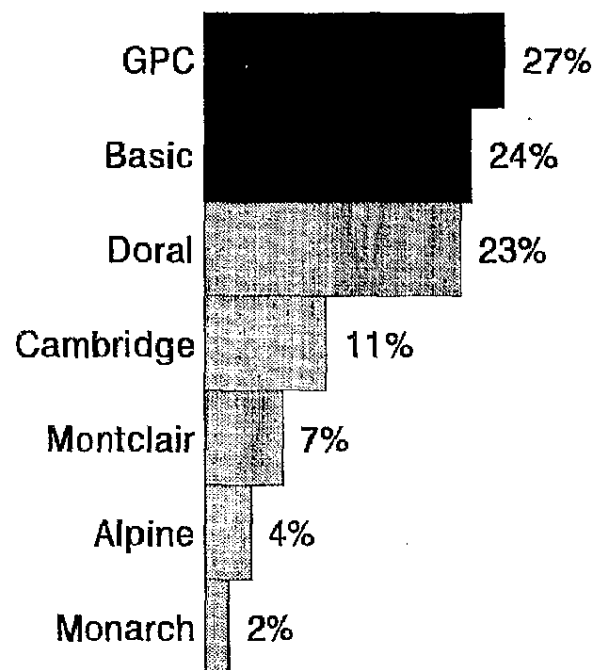
G = Significantly higher than GPC at the 95% confidence level.

GPC is seen as having a lower price than Basic, except among Basic smokers.

	N =	Total 443	Occasional Discount Smokers 200	Regular Discount Smokers 243	GPC Smokers 110	Basic Smokers 49
<u>Average Price Per Pack Of:</u>						
GPC		1.39	1.41	1.38	1.37	1.51
Basic		1.45	1.47	1.45	1.50	1.53
<u>Average Price Per Carton Of:</u>						
GPC		11.77	11.75	11.78	11.24	12.16
Basic		12.30	12.22	12.34	12.10	12.61

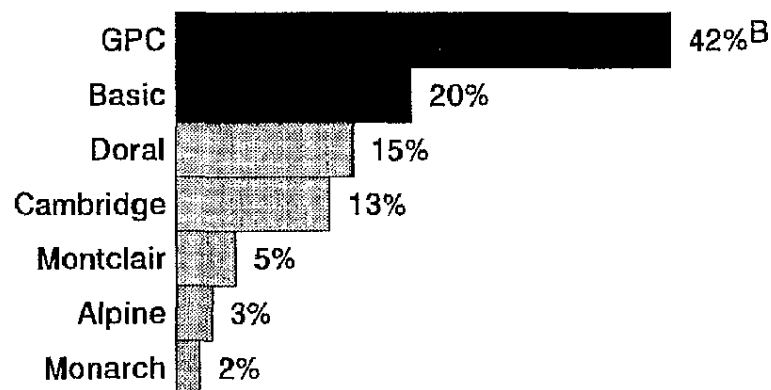
If all discount brands were the same price, similar proportions of smokers would buy one of the three market leaders.

TOTAL SMOKERS

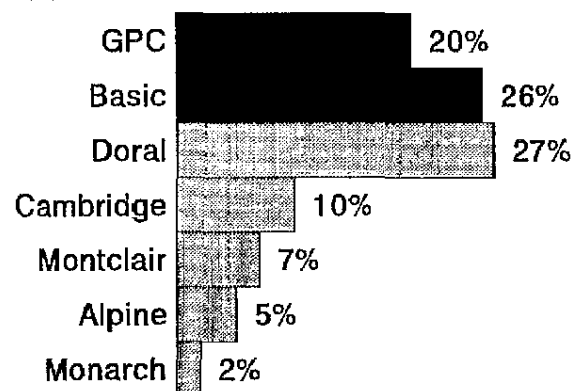


While occasional discount smokers would tend to choose GPC if all were priced at parity, regular smokers of discount brands show a directional preference for either Basic or Doral.

OCCASIONAL DISCOUNT SMOKERS

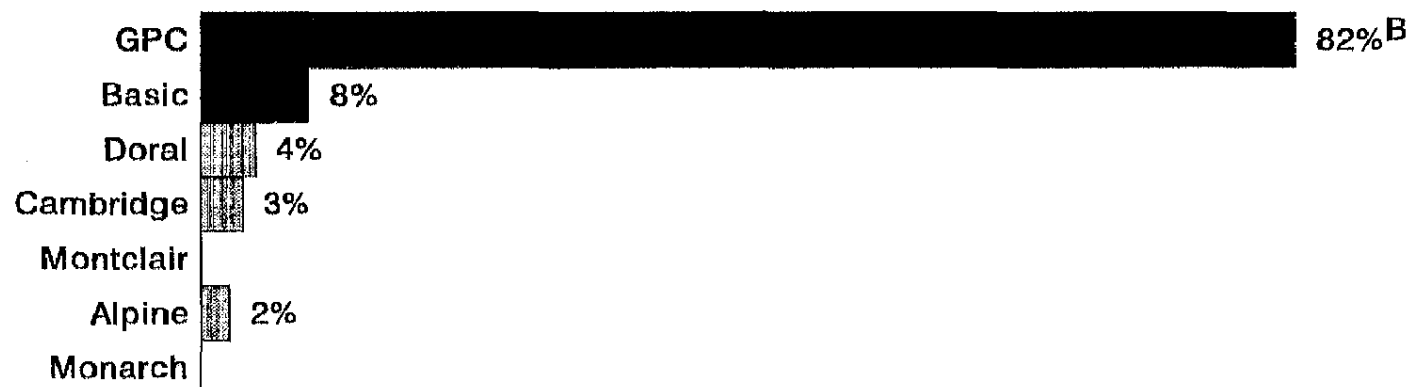


REGULAR DISCOUNT SMOKERS



B = Significantly higher than Basic at the 95% confidence level.

As would be expected, neither GPC nor Basic smokers expect to switch if their prices were equalized.

GPC SMOKERS**BASIC SMOKERS***

*CAUTION: Small base.

B = Significantly higher than Basic at the 95% confidence level.

G = Significantly higher than GPC at the 95% confidence level.

GPC smokers experiment more within the discount category than Basic smokers.

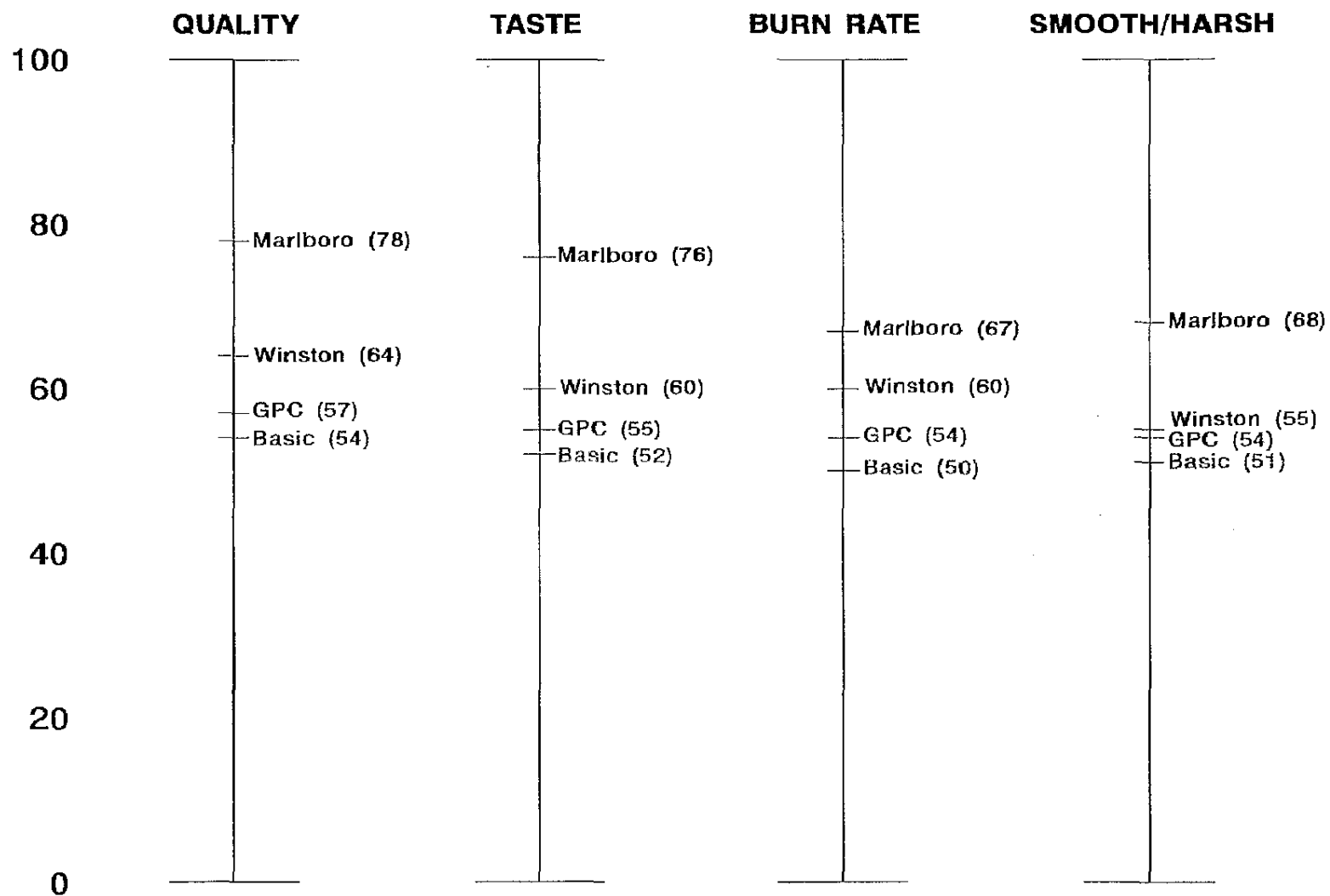
		Occasional Discount Smokers	Regular Discount Smokers	GPC Smokers	Basic Smokers
	<u>Total</u>				
N =	443	200	243	110	49
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
There is only one discount brand I buy	48	44	50	39	53
There are a few discount brands that I regularly buy	30	33	29	40	27
Whenever I buy a discount brand, I always buy the cheapest brand in the store	21	22	21	21	20

@Less than 0.5%.

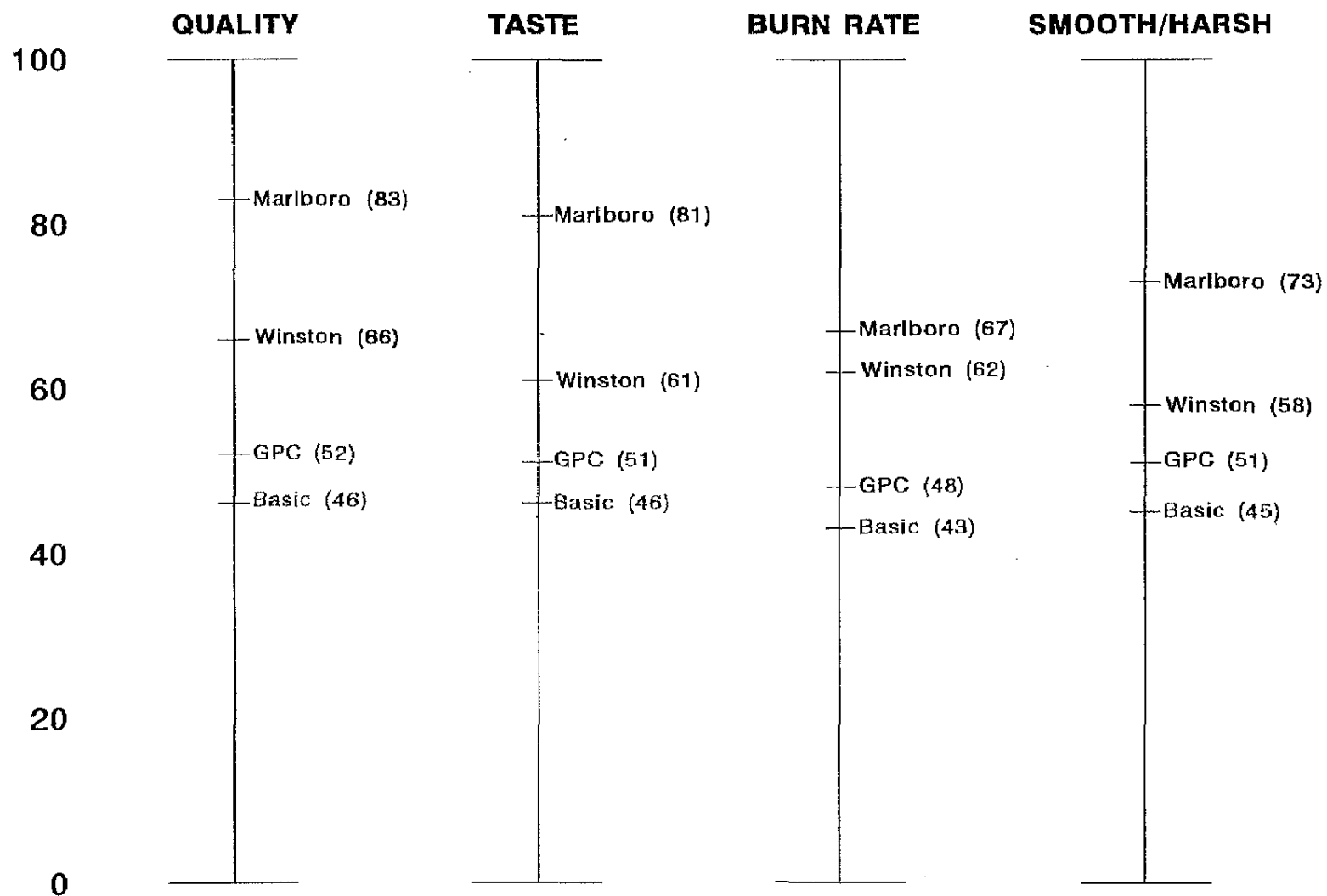
PRODUCT RATINGS

- Respondents were asked to use a 0-to-100 scale to rate Marlboro, Winston, GPC and Basic on four product attributes: Quality, taste, burn rate and smoothness.
- Overall, GPC and Basic received similar ratings on each of these scales... lower than Marlboro and Winston.
- Only among their own franchises were they perceived to be as good as Marlboro.

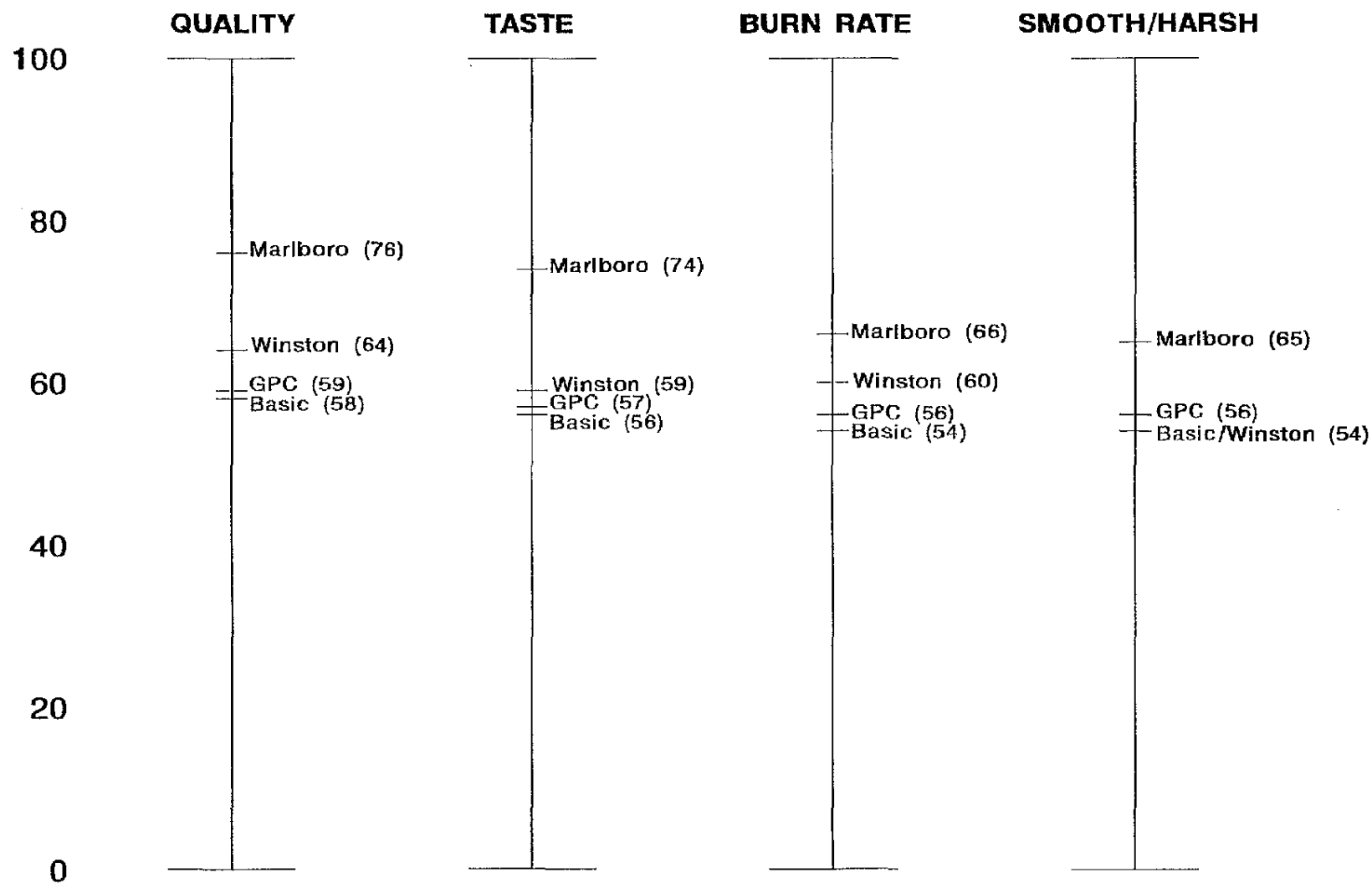
TOTAL SMOKERS



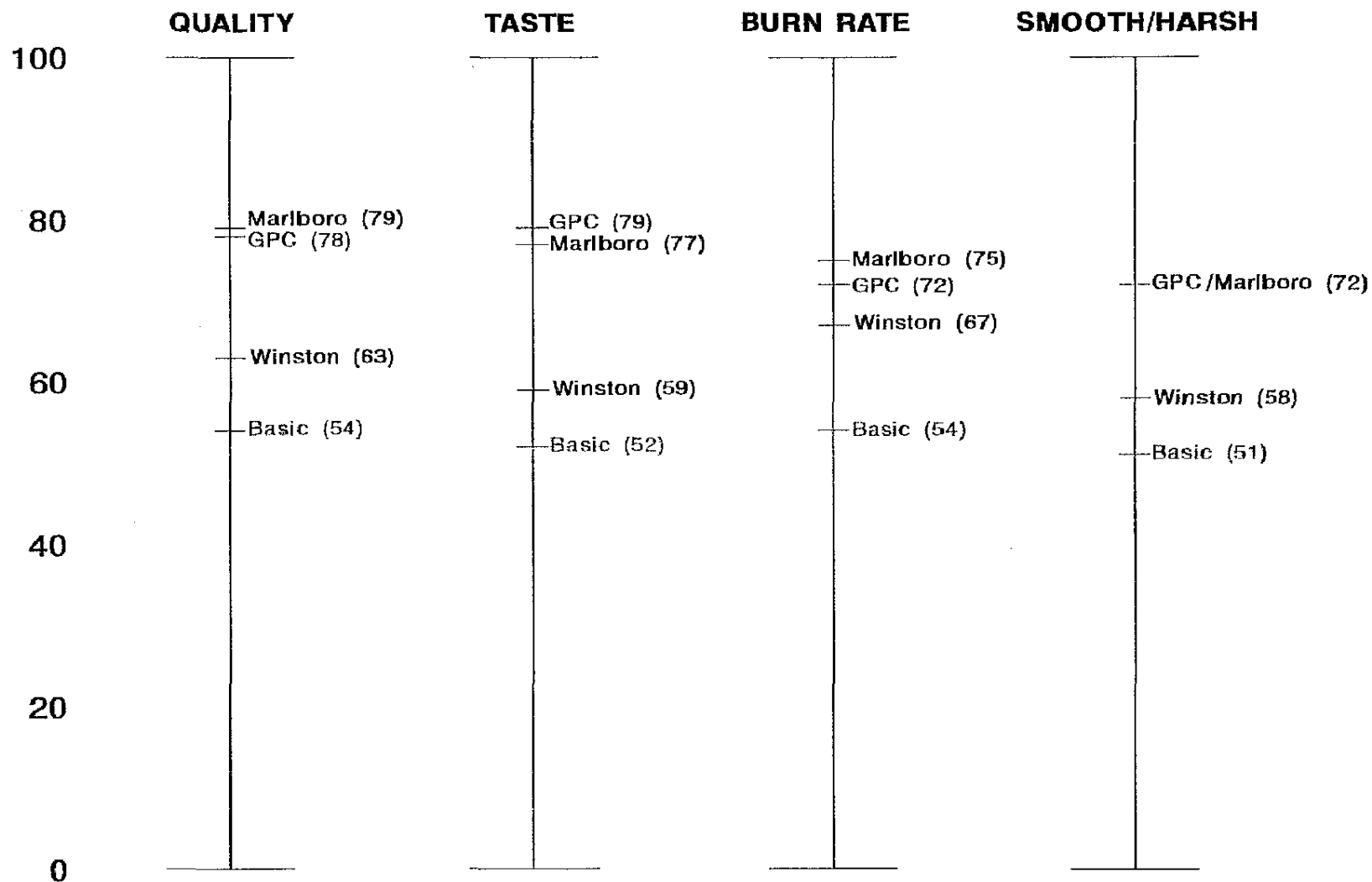
OCCASIONAL DISCOUNT SMOKERS



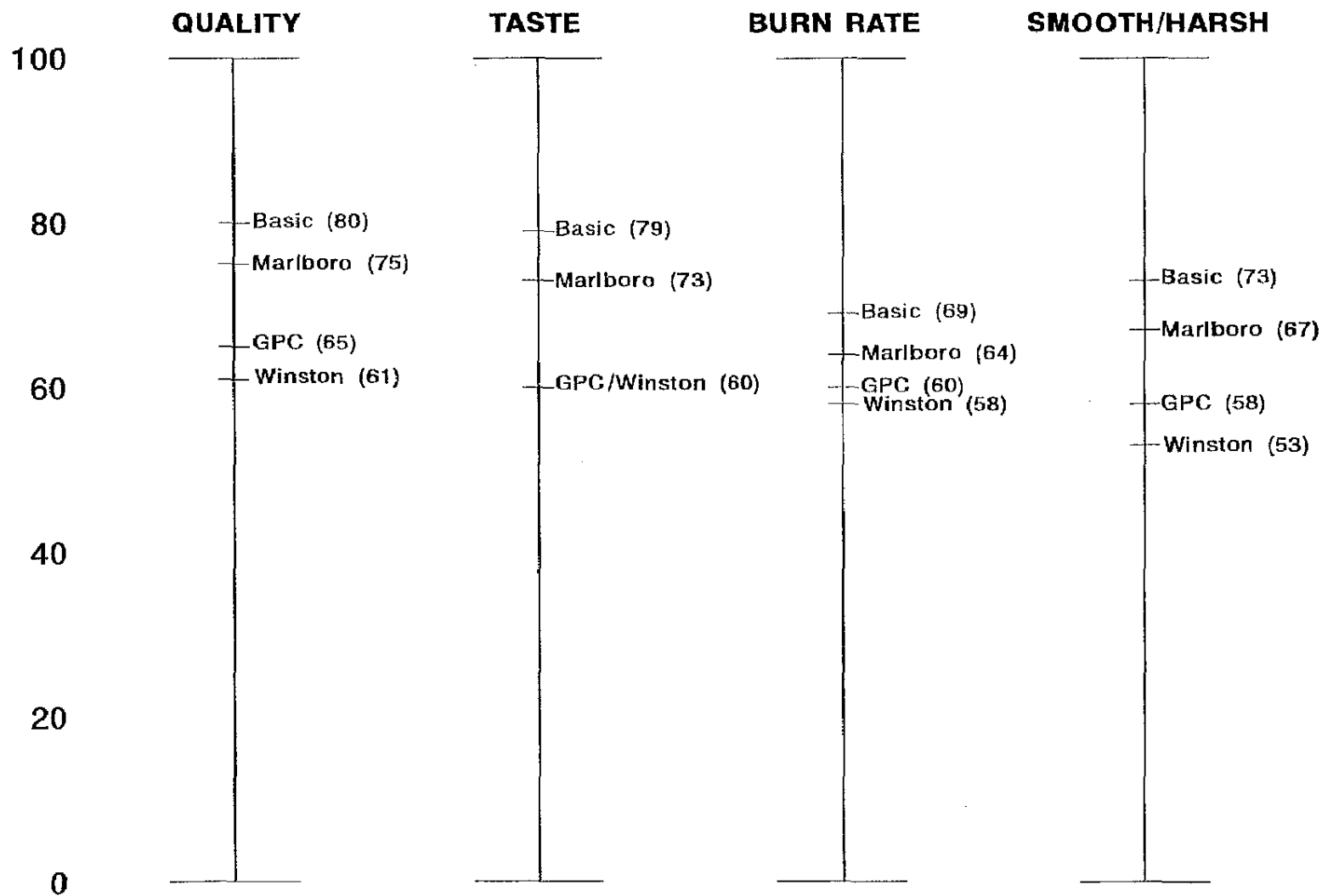
REGULAR DISCOUNT SMOKERS



GPC SMOKERS

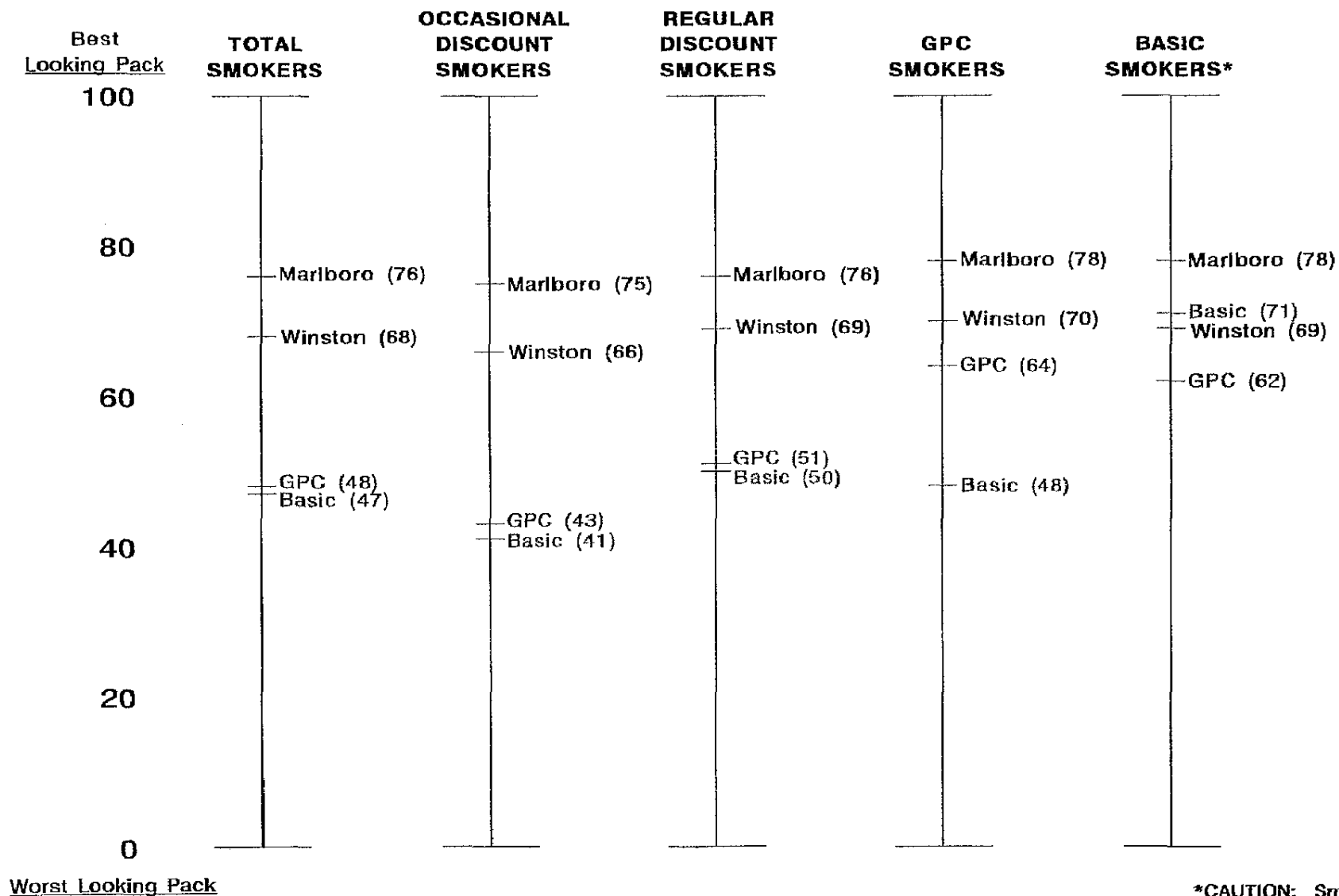


BASIC SMOKERS*



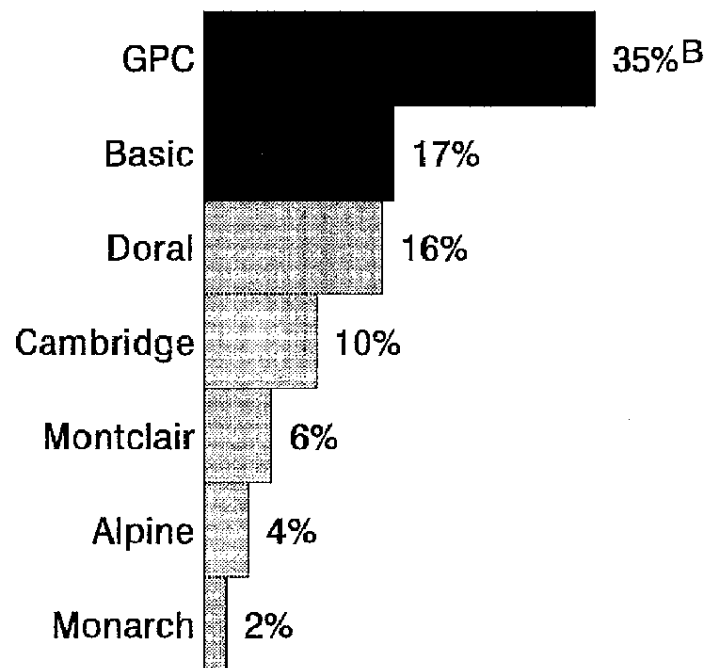
*CAUTION: Small base.

The same dynamic applied to rating of pack appearance.



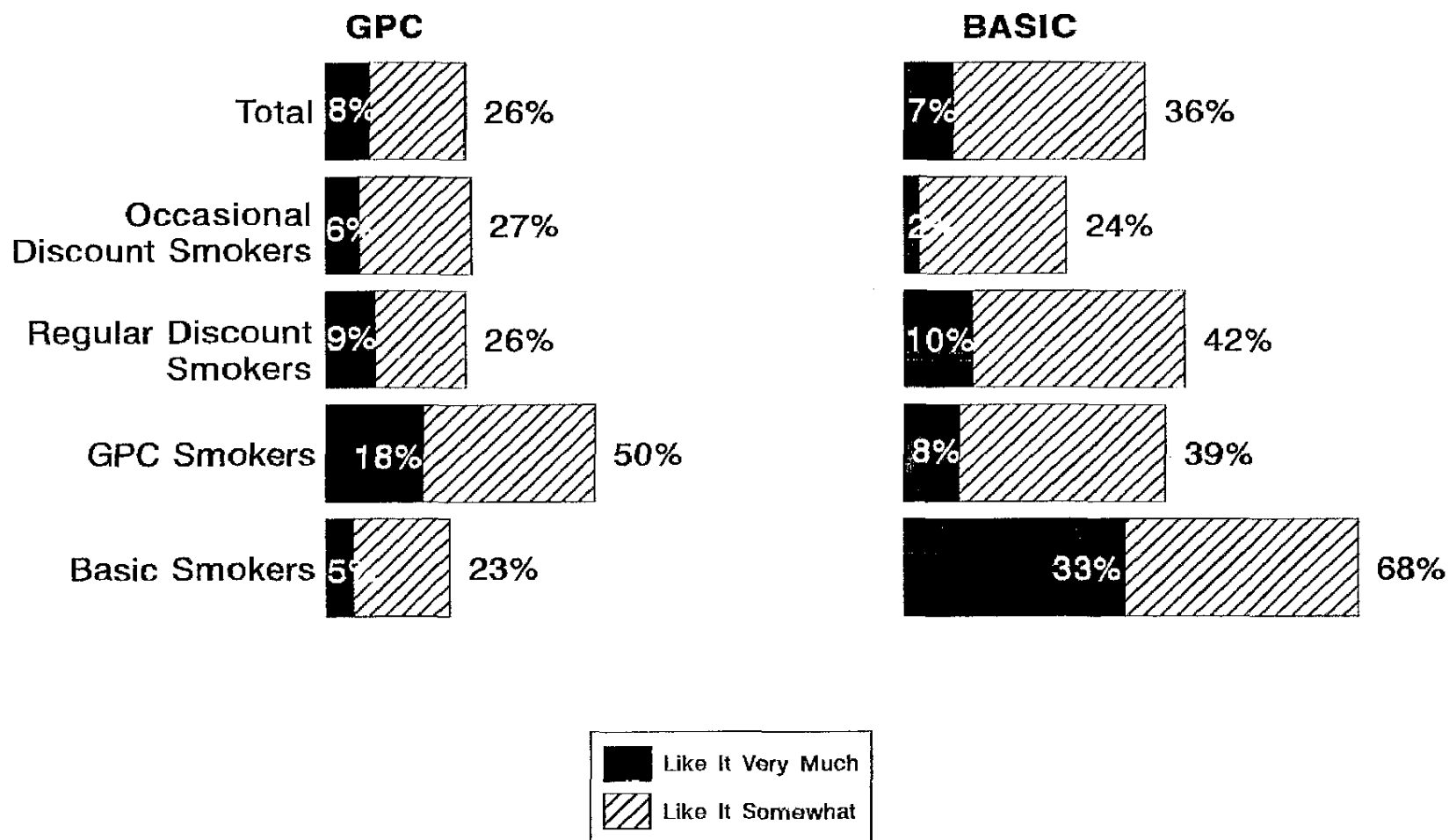
About one-third of occasional discount smokers feel GPC is the discount brand that tastes most like their regular brand.

OCCASIONAL DISCOUNT SMOKERS



^B = Significantly higher than Basic at the 95% confidence level.

GPC's name is not as well liked as Basic's, except among GPC smokers.



The name GPC does not have a special meaning beyond being a generic priced cigarette.

		Occasional Discount Smokers	Regular Discount Smokers	GPC Smokers	Basic Smokers
	<u>Total</u>				
N =	443	200	243	110	49
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Generic Priced Cigarette	15	15	15	12	30
Good Price Cigarettes	6	2	7	2	3
Generic Pack of Cigarettes	5	6	5	6	9
General Pack of Cigarettes	5	5	4	4	3
General Product Corporation/Company	5	6	5	4	-
Great Price Cigarettes	5	3	6	6	6
General Priced Cigarettes	4	7	3	3	4
Generic Product Corporation/Company	3	6	2	3	-
General Purpose Cigarettes	3	3	3	3	-
Generic Product Cigarettes	2	6	1	3	-
Guaranteed Premium Cigarettes	2	2	1	2	6
Generic cigarette	2	1	2	2	3

Smokers associate the name Basic with its advertising theme, or as a plain, ordinary cigarette.

	N =	Total	Occasional Discount Smokers	Regular Discount Smokers	GPC Smokers	Basic Smokers
		<u>443</u>	<u>200</u>	<u>243</u>	<u>110</u>	<u>49</u>
		<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
<u>Specific Meaning (Net)</u>		<u>74</u>	<u>76</u>	<u>73</u>	<u>78</u>	<u>60</u>
Plain/ordinary		32	28	34	27	24
Your basic cigarette		25	31	23	25	29
A regular cigarette		9	8	9	12	2
Basic means basic/self-explanatory		6	8	6	8	2
A generic cigarette		6	6	6	10	5
<u>Price (Net)</u>		<u>17</u>	<u>17</u>	<u>18</u>	<u>13</u>	<u>8</u>
Cheaper cigarette		14	13	14	9	5
The basic price		3	3	3	1	3
Moderately priced cigarette		1	2	1	3	-
<u>Taste (Net)</u>		<u>4</u>	<u>5</u>	<u>3</u>	<u>4</u>	<u>7</u>
Basic tasting cigarette		2	3	1	1	-
Good tasting cigarette		1	2	1	3	5
<u>All Other Comments</u>						
A good quality cigarette		2	1	2	4	9

SUMMARY

GPC has taken on all of the attributes of a "real" brand. In achieving its current market share, GPC has also created a "big brand" image.

- **Best selling discount brand**
- **Growing in popularity**
- **Being smoked by lots of people**
- **Most noticeable in store**
- **Most widely available**
- **Advertised the most**
- **Lowest priced**
- **Acceptable product, package graphics and name**

SUMMARY

(cont'd)

Basic smokers are the only segment which ascribes many positive characteristics to Basic. Even so, GPC has a better image among Basic smokers than Basic has among GPC smokers.

Perceptions of Promotions:

- **GPC promotes less frequently than Basic**
- **Basic's mix skews towards merchandise, GPC's...price**
- **Given a choice, regular and occasional discount smokers opt for price incentives.**